

Callaghan and Shore out to stop Benn

By George Clark, Political Correspondent

With Mr Wedgwood Benn, principal figure in the Labour Party's latest controversy, in hospital for the investigation of what is believed to be a viral infection, the rival forces in the dispute over the future direction of the party had the chance yesterday to prepare for the next stage of the argument.

Mr Michael Foot, the party leader, having challenged Mr Benn to follow the logic of his opposition to collective leadership and contest the party leadership in the autumn, held back from making any further move within the Parliamentary Labour Party, thinking it more likely to wait until Mr Benn comes out of hospital.

Although last night he had not sent any message to Mr Benn in hospital, Mr Foot continued to argue that he should not be bound by the collective decision of the elected Parliamentary Committee, the formal name of the Shadow Cabinet, was still not clear.

But he did not seem to support the idea put forward by Mr John Silkin, the shadow Leader of the Commons, that if Mr Benn in future defies a decision of the Shadow Cabinet—as he did on May 20 when he led a revolt by about 70 Labour rebels over defence policy—he should be “deemed” to have resigned from the cabinet.

Mr Foot takes the more orthodox view that Mr Benn should follow the example of the late Mr Aneurin Bevan, when in 1954 he disagreed with the collective leadership and resigned as a matter of course.

Through Mr Foot did not publicly express any concern about Mr Benn's health, Mrs Margaret Thatcher, when asked in the Commons by a Tory backbencher whether she had sent a “get well” message, said: “We would all wish to send a message to any Member of the House who is not well, I go to the 10th degree.”

Meanwhile it became clear that two former party leaders, Mr James Callaghan and Sir Harold Wilson, are now active in the campaign to stop Mr Benn from winning the contest with Mr Denis Healey and Mr Silkin for the deputy leadership of the party.

Mr Callaghan has not previously entered the fray, though in the past he has condemned the activities of leaving extremists to capture the control of constituency parties.

He said yesterday that he thought Mr Foot had been right to make his dramatic challenge to Mr Benn at Wednesday's meeting of the Shadow Cabinet, “because the party is a right old mess” and it seemed to have got worse since he resigned the leadership.

Unfortunately, Mr Benn had not chosen to take up the chal-

lenge, presumably because he thought he would be beaten.

Mr Callaghan said that although every Labour Government must be guided very seriously by conference decisions, “it cannot make them its God, and if it tries to do so it will bring them, and the party they lead, to disaster.”

Mr Callaghan, interviewed in the BBC World at One programme, said: “What we have to remember is that he (Mr Benn) is a brilliant phenomenon of the present age, just as Mrs Thatcher is. He is, in fact, the Mrs Thatcher of the Labour Party. They both advocate simple remedies.”

With Mrs Thatcher the remedy was that if a government cut taxes and controlled the money supply, all would be well if the policy was pressed on ruthlessly. With Mr Benn it was a case of “accept conference decisions and all will be well, and it is only the cowardice and treachery of those who led the party earlier who have prevented us putting things right.”

He thought that Mr Benn's activities could cause Labour to lose the next general election, and that the people of the country would be misled by Mr Benn's actions.

Mr Foot said that the real implication of what Mr Benn had been saying to these people, his colleagues in the Shadow Cabinet, are not to be trusted and, frankly, if that is his view it is something he ought to put to the test and fight Michael Foot for the leadership as Michael has suggested.

Mr Silkin said yesterday that he regretted Mr Benn had “ducked” Mr Foot's leadership challenge.

“Political courage pays off in the end,” Mr Silkin said on LBC independent radio.

Mr Ian Mikardo, MP for Bournemouth, said that Mr Foot's close associate Mr Foot last night wrote to the party leader criticizing his action in the Shadow Cabinet.

Crucial schedule, page 2

David Watt column, page 14

Attorney General defends Ripper plea decisions

Sir Michael Havers, the Attorney General, gave MPs his three reasons for agreeing that it would be right to accept a plea of guilty to manslaughter in the trial of Peter Sutcliffe, the Yorkshire Ripper: one was to spare the families of victims detailed knowledge of the horrifying injuries. Page 6

Dacca pledge

The acting President of Bangladesh said the Government would uphold democracy and foil any plot to abolish it, and would discover the truth about the killing of President Zia. Page 8

Children beaten

For the second day schoolchildren were beaten by riot police in Johannesburg's Coloured (mixed race) areas. The police moved into one school with dogs, whips and tear gas. Page 8

Extra tax relief

The Government has bowed to pressure from businessmen and is offering extra tax relief to assist new companies in their early years. Page 17

Prison proposals

An urban open prison with a reduced emphasis on security and control and more freedom for prisoners is proposed in an unpublished report by a Home Office working party. Page 3

Airliner projects

Three new European airliner projects were announced at the thirty-fourth Paris air show. The role of British Aerospace in the projects appears to be limited. Page 9

Hospital inquiry

Mr Patrick Jenkin, Secretary of State for Social Services, has called for an investigation into allegations in a television film about conditions at two mental hospitals. Page 2

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Church leaders make joint appeal in Ulster

The Archbishop of Canterbury, Dr Runcie, praying for peace yesterday with the Roman Catholic Primate of All Ireland, Cardinal Tomas O Fiaich, in Armagh. The Primate of the Church of Ireland, the Most Rev John Armstrong, was also present and the three made a joint appeal for Irish people to reject the gunmen.

It was the first time the three men had met and they discussed the troubles for more than an hour inside Cardinal O Fiaich's palace, close to Armagh's magnificent Roman Catholic cathedral (Tim Jones writes from Belfast).

Reading from an agreed statement, Dr Runcie said that they had discussed ways in which religious leaders could deepen their cooperation in joint condemnation of violence, “and in making appeals to both communities to use the constitutional means that exist to defeat those who pursue the futile way of violence.”

The statement added: “We believe that violence postpones and does not help in the building of a society that is more just and harmonious. We are determined to work together energetically to this end.”

Dr Runcie said that they had also discussed some of the differences between the churches and examined the efforts that had been made to build bridges between them in the past. “In particular we had a frank conversation about the question of mixed marriages and we look forward to future dialogue on this subject,” he said.

After exchanging gifts with Cardinal O Fiaich, Dr Runcie left for Dublin, to deliver a sermon at St Patrick's Cathedral. Today he will meet Mr Charles Haughey, the Irish Prime Minister, and President Hillery.

Big arms find, page 2

Industrialist to be SDP chief

By Ian Bradley

Mr Bernard Doyle, chairman of Booker McConnell Engineering, has been appointed chief executive of the Social Democratic Party (SDP).

He was one of 330 applicants for the post, which has an annual salary of £25,000, and was chosen from a short list of five. He took up the job on September 1.

Mr Doyle, aged 40, was born in London and studied engineering at Manchester University and worked for four years with British Rail. He then founded himself through a course at Harvard Business School before working as a management consultant in London, Brussels and the United States.

He joined Booker McConnell in 1973 and became a partner in the main board in 1975. He was the main force behind the engineering division of the company, which he has been running since then.

Mr Doyle said last night that he had applied for the job because he felt the formation of the SDP offered a chance of “busting the political system.”

“That is the sort of chance that comes only every 50 years,” he said.

Until he joined the SDP, he had never belonged to a political party. He said he had a strong academic interest in politics, and that his sympathies had been broadly with the Liberal Party.

Although he sees his prime role as organisational, he hopes to have some input on policy issues as well.

His appointment, however, was not without controversy. It was moved to the security of a large company in which one of them yesterday declared as a “risky venture.”

Government rejects intervention as sterling continues to fall

By John Whitmore and Peter Hill

As sterling slid 7.65 cents to \$1.9410 in London yesterday, the Government said it had no plans to intervene. Mr Nigel Lawson, Financial Secretary at the Treasury, told the Commons: “Whether the rate is rising or falling, the Government will not intervene.”

This reaffirmation of the Government's non-intervention policy in foreign exchange markets came when a fresh upsurge in the dollar was pushing sterling down to a new low.

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unwelcome implications for both inflation and interest rates. Money market rates, however, were steady at 12 1/2 per cent.

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Sterling's fall against the dollar has led to further speculation that the British National Oil Corporation will be forced to cut its official price for North Sea oil within the next few days, possibly by \$2 a barrel.

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Shot PC verdict shocks police

Two armed raiders were cleared yesterday of attempting to murder PC Cooke. Constable Philip Blackstock, 21, was shot and wounded. That is the tragedy of it all.

Mr James Rant, QC, for the defence of Mr Cooke, said after the verdicts: “If blanks had been used, PC Cooke would never have been wounded. That is the tragedy of it all.”

Mr David Tudor Price, the prosecuting counsel, said that as PC Cooke lay helpless on the ground, believing he was dying, he was being shot by Blackstock. Mr Cooke said: “A terrible blow from a heavy boot” spinning his head round.

The next day, Mr Tudor Price said, Mr Cooke asked for a glass of water and was laughed and teased by the shooting. But Mr Rant asked the judge “not to find as a fact that Cooke had been proud of what had happened.”

PC Cooke had faced Mr Blackstock, armed with a 22 Luger pistol, with only his truncheon in his hand, the court was told. He had said: “If you shoot that bloody thing there will be 23,000 coppers who are going to do you.”

Both men, members of the Hell's Angels, a Nomad Club, said they had bought blanks to use in the pistol, but as these did not work properly they decided to load the gun with live ammunition.

Both the accused were acquitted of attempted murder. Mr Blackstock, of no fixed address, was found guilty of wounding PC Cooke with intent to resist arrest. Mr Cooke, of Elm Tree Avenue, Northolt, Middlesex, was cleared of wounding with intent to resist arrest, but convicted of unlawful wounding.

They had denied the charges against them.

Mr Jim Jardine, chairman of the Police Federation, said the verdict would “seriously concern police officers.”

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Ominous Soviet attack on Poles

From Michael Binyon, Moscow, June 4

In an ominous new development, Russia today, accused of national and ideological backsliding, and quoted one Solidarity official saying that a million members of the Polish Community Party ought to be hanged.

The charges were made in reports by Tass, which is distributed to all Soviet newspapers and broadcasting stations. They are clearly intended to show the Russian people that not only is Solidarity, the independent trade union movement, bent on the destruction of communism, but the party that is in control of the situation and allowed Poles to express open hostility to the Russians.

The serious charge of anti-Sovietism is calculated to raise national and ideological hackles among the Russians, and is one that was made against reformers in Czechoslovakia before the Warsaw Pact invasion in 1968.

A Tass report from Warsaw quoted Mr Bogdan Krakowski, described as a Solidarity leader, threatening violence against Polish Communists unless the red flag was taken down from council buildings, and names of streets and buildings honouring the Soviet Union were changed.

It said he had called in a speech in the southern town of Zawiercie for Red Army Street and a school named after the Soviet poet Mayakovsky to be renamed after Poles, and threatened that if this was not done the union would dissolve the town council.

Tass described Mr Krakowski as a “monstrous” who had, according to “informed Polish sources” called for the hanging of a million members of the Polish party.

The dispatch was read out on Moscow radio's English service, but the final threat was omitted. The item was later dropped altogether. Tass, which normally translates all its main reports into English for its overseas subscribers, did not publish this report on its foreign service at all, a clear indication that it was designed to prepare Russians for a bitter campaign against the Poles.

However, Soviet newspapers

this morning instead substituted other items less dramatic about Poland. *Pravda* quoted the chairman of the Soviet-Polish Friendship Society as saying that only those who were politically blind could fail to notice the “dirty flood” of anti-Sovietism in Poland.

Tass today also gave prominence to a report in a Bulgarian newspaper which strongly criticized the Polish party for “retreating from Marxist-Leninist positions and the laws of class struggle.”

The paper, *Rabotnichesko Delo*, also said that anti-Sovietism, which it called a dangerous phenomenon, was spreading in Poland and should not be underestimated.

Mr Bogdan Krakowski, the Solidarity “wreck” leader in Zawiercie, said that he had never advocated violence against Communists, as alleged by Tass (Reuters reports from Warsaw).

Mr Krakowski said: “There was no threat, as the Soviet media alleged, of violence.”

Solidarity leaders tonight voted in favour of a two-hour warning strike in four northern provinces, despite an appeal by the Roman Catholic Church.

Officials said Solidarity's National Commission, meeting without Mr Lech Walesa, its leader who is in Geneva, voted by 22 to 13 to hold the strike in Bydgoszcz, Wloclawek, Plock and Torun next Thursday.

The strike was called to protest against delays by the authorities in investigating and punishing officials responsible for ordering police to evict Solidarity members from the Bydgoszcz provincial assembly hall on March 19.

It will be the first major industrial protest in Poland since Mr Wojciech Jaruzelski, the Prime Minister, instructed Parliament on April 10 to outlaw strikes for two months.

A Bishop Jan Michalski of Gdansk had earlier called on the union not to strike, arguing that those present held the fate of the nation in their hands.

Church plea, page 7

Passenger sees jet's wing crack

A passenger on board a British Airways jetliner alerted the captain after he saw a crack appear in the starboard wing of the aircraft as it flew over the Atlantic early yesterday.

The captain sent an emergency call to London and talked to the airline's safety experts and engineers, but they decided that the fault in the honeycomb structure behind the main spar was not structural and with 410 passengers the aircraft continued on to London from Barbados.

It landed safely at Heathrow airport and the airline said yesterday that it was carrying out an examination of all its Boeing 747s.

There was definitely no danger as the crack was not in a load-bearing area. But we will be examining all of our 747s as a matter of course. The crack was only small, but we won't have further details until our engineers have had time to examine it,” the airline said.

Leading article, page 35

Little joy for industry, page 17

Alsations kill baby in garden

By Stewart Tandler

A baby boy died yesterday after being strangled by seven alsatian dogs in the garden of a house in Harlesden, north-west London.

Michael Cecil Francis, aged 12 months, was staying at his grandparents' home in Fortune Gate Road, Harlesden, while his mother, Caroline Francis, went to work for a job. There were five adults and three other children in the house when the baby got out unnoticed into the garden where the dogs were.

After the police arrived at the house, the dogs were sedated, and taken to an RSPCA centre.

The dogs were owned by Michael's uncle, Mr Errol Francis, and were being trained for his firm, Hollis Security. Michael's grandfather, Mr Cecil Francis, said: “Errol had gone out. When I discovered what had happened it was too late.”

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Benn in hospital after gruelling daily schedule

By Richard Ford

Mr Wedgwood Benn was under the care of a consultant neurologist last night after being admitted to hospital for tests on a suspected viral infection.

Mr Benn, who is 56, had made an appointment at the outpatient clinic of Charing Cross Hospital, in Hammer-smith, west London, several days ago when he complained of pains in his legs. His admission came hours after he refused to accept Mr Michael Foot's challenge to fight him for the leadership of the Labour Party.

The tests are expected to be completed within 24 hours. The hospital said: "Depending on the tests, he might have to stay in hospital over the weekend."

Mr Benn, who is in a National Health Service bed in a single room, was visited by his wife Caroline, and son Billy, yesterday. His son said Mr Benn had been surprised when doctors decided to detain him for tests.

"He is well and cheerful. He is sitting up in bed doing a little light work and resting. I have brought him more than 250 letters which he needs to sign. I do not know what is wrong with him. He said that he had not been feeling well for several days."

He added that his father hoped to resume work as soon as possible. All Mr Benn's engagements have been cancelled for the time being.

He is not being allowed any visitors apart from his family. Mr Benn himself spoke from his hospital ward simply to say: "I have nothing to add to the statements made by my son on my behalf."

Neither his son, nor Mr Primarolo would speculate on whether the illness could have been caused by the pressure of work.

In recent years Mr Benn, even while a Cabinet Minister, has been an indefatigable and tireless traveller throughout Britain, addressing hundreds of meetings of local Labour parties. He has also been a frequent traveller abroad.

Since the beginning of the trades union conference season in April, Mr Benn has had a gruelling schedule, addressing meetings in his campaign for the deputy leadership.

On May 16 he addressed a meeting at the Association of Scientific Technical and Managerial Staffs at Blackpool. The next day he was at Brighton addressing a meeting at the Union of Communications Workers conference. Three days later he spoke at a fringe meeting at the Fire Brigade's union conference at Bridlington, Humberside, rushing away to be back at the House of Commons that night in time to defy a shadow Cabinet recommendation to abstain in the defence debate.

On May 21 he was at Bourne-mouth to address a meeting at the Amalgamated Union of Engineering Workers (AUEW) surgery and other casework.

Mr Benn was due at the Nottingham Area National Union of Miners annual picnic at Mansfield tomorrow.



Conference decisions are contradictory

God who plays dice with Labour's universe

By Philip Webster, Political Staff

Conference decisions are not God, Mr James Callaghan, the former Prime Minister, said yesterday when supporting Mr Michael Foot's challenge to Mr Wedgwood Benn to fight him for the leadership of the Labour Party.

That may be Mr Callaghan's opinion, but there is no question that the emphasis placed on the deliberations of conference by Mr Benn and his supporters has amounted almost to deification of the institution.

Even yesterday Mr Michael Meacher, MP for Oldham, West, and one of Mr Benn's right-hand men in the Commons, was maintaining in a radio interview that the argument was not with Mr Foot but with the way the parliamentary leadership was implementing party policy.

The real argument, he implied, was with Mr Denis Healey, who was opposed to party policy on the issues of nuclear disarmament, withdrawal from the European Community and the economic alternative to Thatcherite monetarism.

In particular, it suggests that even if the union's conference in Brighton later this month does not take a view about which candidate to support in the forthcoming election, the Benn camp may yet pick up the critical votes of the largest affiliated union.

The final attitude of the union will not be known until shortly before the election for the leader and deputy leader, takes place in open conference at Brighton.

At an examination of the resolutions carried by last year's conference on these subjects gives much force to Mr Foot's argument. What, for instance, is the Shadow Cabinet to do about the following two motions, adopted

at the end of a debate, on economic policy?

One, put forward by Liverpool, Wavertree constituency Labour Party, declared that income policy had been a factor in past Labour general election defeats. It rejected incomes policy as a method of combating unemployment. The motion was well carried.

A few minutes later a motion put forward by the Union of Communications Workers came up for voting. That rejected the concept of "an incomes and prices free-for-all inherent in the nature of free collective bargaining and free price-fixing". That, too, was passed, by a smaller majority.

The formation of a counter-inflation strategy and the development of a relationship with the trade unions to help achieve it is recognized as the most important task facing the Labour Party as it moves towards the next election. Those two contradictory conference motions settled nothing.

The fog was even thicker on defence policy. As an old CNDer, as Mr Foot described himself on Wednesday, he is anxious for the party to achieve a disarmament policy before the next election, which commands as wide agreement as possible.

As he acknowledged, the last conference passed important resolutions on the issue, although not all of them were necessarily compatible with one another. He can say that again.

The conference in quick succession passed one resolution

calling on the next Labour government to reduce defence spending, and proposing unilateral disarmament; another proposing a commitment in the Labour manifesto to unilateral disarmament; and a third opposing British participation in any defence policy based on the use or threatened use of nuclear weapons and calling for all nuclear bases on British soil to be closed.

Soon afterwards it rejected a recommendation to the party to renounce Nato or any other grouping based on nuclear deterrence. It was quickly observed that the unilateralist motions were hardly compatible with membership of Nato.

Accordingly, the National Executive Committee and the Shadow Cabinet are engaged in attempts to draw up an agreed policy. In a move to find an approach which commanded the unanimous support of the parliamentary party, the shadow Cabinet put down its amendment to the Government's defence White Paper a few weeks ago.

But, as Mr Foot bitterly remarked to the Shadow Cabinet, Mr Benn's tactics at the end of that debate destroyed any possibility of achieving the dual aim of keeping the party united without abandoning or weakening policy.

Similarly, last year's conference cannot be said to have settled the question of how a Labour government would disengage Britain from the EEC. Although the conference agreed the means of doing so were left open and in voting against a

fresh referendum, it took a line different from that adopted by the TUC.

On Northern Ireland, another issue on which Mr Foot said Mr Benn was questioning his allegiance to party policy, Mr Benn has been ahead of conference policy.

Last year it rejected a motion calling for British withdrawal. It endorsed the executive's proposal to set up a study group to examine Labour's Irish policy.

Mr Benn, however, did not wait for the study group's conclusion before declaring himself in favour of the withdrawal of British troops.

Appeal for cash aid to 'deselect' MPs

Mr Arthur Palmer, Labour MP for Bristol, North-East, said yesterday that the party should give financial help to MPs who lost their seats through the new reselection procedure.

He raised what he described as "this moral dilemma" at a meeting of the Parliamentary party, saying that MPs like Mr John Sever, MP for Birmingham, Ladywood, who were "deselected", should be helped, possibly through the party's benevolent fund.

A present MPs receive a severance payment of between 6 and 12 months' salary, if they lose their seat in an election. Labour's parliamentary affairs group is considering whether to recommend that the severance payment be made at the end of service irrespective of reason.

Commons sketch

The price of beer takes a pounding again

From Hugh Noyes, Parliamentary Correspondent, Westminster

The casual observer of the political scene might have expected Labour MPs to arrive at the House of Commons yesterday in a mood of jubilation and with their cups of joy brimming over. Had not their leader courageously abandoned the policy of turning the other cheek and entered the lists against the first-breathing dragon from Bristol, South East?

Even better news, surely, was the way in which the pound was tumbling, something that Mr Peter Shore, the Opposition's chief spokesman on economic matters, had been pressing on the Chancellor of the Exchequer for many months past.

Admittedly, the tumbling pound had little to do with Sir Geoffrey Howe, but even so one might have expected a schizoid appreciation from those MPs of a more generous nature. Indeed, the member who greeted Mr Michael Foot as he rose to put his first question to the Prime Minister came from the Tory benches.

As for the pound, and considering that its high exchange rate in Labour eyes has been behind almost every misery of the past few years, the high price of beer to the low standard of living, it seemed a little odd that it took so long for anyone to raise the matter.

The only mention came, towards the end of questioning, from the Chancellor when Mr Shore produced a convoluted argument about the respective virtues of intervention by the Bank of England or of leaving well alone to allow market forces to produce the correct rate.

Mr Nigel Lawson, the Financial Secretary, remarked that Mr Shore's question was the most curious he had ever heard of. For the first half he seemed to be arguing that the exchange rate should be held up while in the second half he appeared to want it to go down.

Mr Foot, meanwhile, decided to move on to safer ground. Would the Prime Minister assist by clearing up some apparent confusion, asked the Labour leader.

But it soon turned out that the confusion in Mr Foot's mind was over the budgetary contribution to the EEC and disclosures in *The Times* that there was disagreement between the Treasury and the Foreign Office.

Mr Thatcher had little difficulty in dealing with that one. As the First Lord of the Treasury and as the main negotiator with Europe, he considered himself to be both departments and he was careful not to disappoint either.

But, as it often happens in the House, the liveliest exchange came from the back benches. According to the *Labour Party*, Labour MP for Liverpool, Scotland, Mr John Grieve was being placed beyond the reach of the British working man. That was easily disproved, said Mr Lawson. All Mr Grieve had to do was to walk into any pub in Britain and he would find a shrewdly chosen block with workers. Just like the Palace of Westminster.

Parliamentary report, page 6

CLOSED SHOP REBEL FATES

Miss Joanna Harris, aged 21, the closed shop rebel, failed yesterday to get back her job as a poultry inspector despite a vote by Nalgo members of Sandwell council to scrap the closed shop. Three other unions need to be consulted, the council decided.

MAN HELD AFTER CHILD'S DEATH

A four-year-old girl died and a boy, aged two, was in a critical condition yesterday. Police found them injured in a parked car in the village of Moulton, near Abergelle, Cwyd.

They were Anne Marie and Andrew Madonna of Colwyn Bay. Police said a man had been arrested and was being questioned.

Felled trees are still 'preserved'

A farmer who felled an ancient woodland before preservation orders were served on him lost the right to get the trees cut.

Mid Suffolk district planning committee decided to confirm the order. The decision was made on a Friday.

Big arms haul in Belfast flats

From Tim Jones, Belfast

Security forces in Belfast yesterday discovered guns, bombs and big supplies of acid after they had torn down barricades surrounding a huge Catholic housing complex in minutes walk from the city centre.

The police said the search at Divis Flats had been mounted because the complex was the scene of considerable violence in recent weeks. As soon as the raid began women rushed on to the street to warn their neighbours by banging dustbin lids.

In the scuffles that followed nine people were arrested, on charges in connection with a firearms offence. More than 300 troops and police are estimated to have taken part in the search of the flats which are a stronghold of the Irish National Liberation Army.

The immediate vicinity of the flats is one of the most dangerous areas in the whole of the province for the police and Army to patrol. They have been shot at on several occasions and on Wednesday afternoon they came under heavy attack from a mob armed with petrol bombs.

The Army and police moved in at 7.30am, led by heavy bulldozers which crushed the way through the remains of 55 cars which were blocking access to the flats. Some of the corridors inside the flats were also barricaded.

After a five-hour search the Army had discovered a terrifying arsenal of weapons, for use in the streets.

The haul included a rifle with telescopic sights, a revolver and ammunition. They also discovered face masks, petrol bombs, acid bombs and 20 gallons of hydrochloric acid.

Demand for radical change expected

The Labour Party study group on Northern Ireland, which is nearing the end of its deliberations, seems certain to make radical proposals for political change in the province (Christopher Thomas writes).

Mr Dennis Canncannon, opposition spokesman on Northern Ireland and a member of the group, said at the end of a three-day tour yesterday that there might be "a bit of shoving and nudging" of the big parties in Ulster.

Our people are becoming unemployed, our schools and hospitals are closing and the general population is seeing standards going down. They are looking at where the taxpayers' money is going and they are certainly looking at the £1,000 (tax) cut over here," he said.

The study group's findings are likely to form the basis of a report to the next party conference. Mr Canncannon refused to predict the contents but said:

"There is a feeling that some resolution to this problem ought to be started very soon."

He added that there was an increasing demand by the rest of the people in the United Kingdom for political progress.

Mr Canncannon was severely critical of Mr Wedgwood Benn's statements on Northern Ireland. He was "possibly dangerous when people who did not understand the problem made outlandish statements."

Republic election debate called off

The proposed debate between the leaders of the two main parties in the Irish Republic's general election, Mr Charles Haughey, of Fine Gael, and Mr Liam Cosgrave, of Fianna Fail, has been called off by the national radio and television network, RTE, because of what the station terms "irreconcilable differences between the parties" (Our Dublin Correspondent writes).

A part-time soldier is resigning his commission to fight the parliamentary seat in Fermanagh and South Tyrone left vacant by Robert Sands. Mr Kenneth Maginnis, a teacher and a major in the Ulster Defence Regiment, will contest the seat for the Official Unionist Party (the Press Association reports).

Cabinet firm on 7% offer to Civil Service unions

By Our Political Staff

In the face of threats from some Civil Service leaders for the calling of an all-out indefinite stoppage in Government services, the Cabinet yesterday decided to stand firm by the "final" 7 per cent offer.

Last night the offer refused to give any indication of the line which Lord Soames, Lord President of the Council, who is responsible for the Civil Service, will take in the talks with union leaders in London today.

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Overseas selling prices

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Jenkin acts over film on mental hospitals

By Lucy Hodges

Mr Patrick Jenkin, Secretary of State for Social Services, yesterday asked two area health authorities to investigate allegations made in an ATV documentary about shocking conditions in two hospitals for the mentally handicapped.

This announcement was made amid speculation that the programme, to be shown on Wednesday, might be changed or banned by the Independent Broadcasting Authority.

The authority met all day yesterday and discussed the film, *Silent Minority*, but made no decision. Members of the authority are due to see the programme today. Representatives of the two area health bodies concerned declined to comment, but one, Berkshire, said it would decide today what to do after discussions with staff.

Sir George Young, Under-Secretary of State for Health, referred to the programme at the conference of the Institute of Health Service Administrators yesterday. He said the Department of Health and Social Security would have to see the film before considering whether to initiate an inquiry.

"The Government shares a deep concern that is widely felt about the sad and twilight lives some seriously handicapped people endure," he said. "The National Health Service had to give priority to the Cinderella services."

Mr Brian Rix, secretary-general of the National Society for Mentally Handicapped Children and Adults, said any attempt to ban the documentary would be fought tooth-and-nail.

"The British people will not tolerate prison camp conditions in some of our long-stay hospitals for the mentally handicapped," he said. "A ban would be a squalid response to a film which was made with the full knowledge of the hospital authorities and was not a long-hidden secret."

The way in which the film was made was also criticised by the broadcasting authority. A freelance producer, Mr Nigel Evans, went into St Lawrence's Hospital in Caterham, Surrey, and Borocton Hospital, near Reading, last year to make a fund-raising film for a charity of which he is chairman.

The shots of ward conditions, of a boy being tied to a post and adults being confined to compounds were all taken in the process of making the film for the charity. One to One. Staff were aware of the filming, although they had not known about all the scenes shot, Mr Evans said.

Mr Evans said that, after the report to the next party conference, Mr Canncannon refused to predict the contents but said:

"There is a feeling that some resolution to this problem ought to be started very soon."

He added that there was an increasing demand by the rest of the people in the United Kingdom for political progress.

Mr Canncannon was severely critical of Mr Wedgwood Benn's statements on Northern Ireland. He was "possibly dangerous when people who did not understand the problem made outlandish statements."

Republic election debate called off

The proposed debate between the leaders of the two main parties in the Irish Republic's general election, Mr Charles Haughey, of Fine Gael, and Mr Liam Cosgrave, of Fianna Fail, has been called off by the national radio and television network, RTE, because of what the station terms "irreconcilable differences between the parties" (Our Dublin Correspondent writes).

A part-time soldier is resigning his commission to fight the parliamentary seat in Fermanagh and South Tyrone left vacant by Robert Sands. Mr Kenneth Maginnis, a teacher and a major in the Ulster Defence Regiment, will contest the seat for the Official Unionist Party (the Press Association reports).

Cabinet firm on 7% offer to Civil Service unions

In the face of threats from some Civil Service leaders for the calling of an all-out indefinite stoppage in Government services, the Cabinet yesterday decided to stand firm by the "final" 7 per cent offer.

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Open prisons with more freedom proposed

By Peter Evans
Home Affairs Correspondent

New-style urban prisons are proposed in an unpublished report by an internal Home Office working party. They would be the most open prisons yet.

Prisoners would be given more freedom to go to college and Church, take up sport and recreation and work outside in the town, so becoming more part of the local community, although a workshop would be needed inside as a back-up because of job shortages.

The working party of senior prison department officials envisages a small prototype holding between 50 and 75 prisoners.

"We envisage that up to 10 such prisons could exist eventually, but that would not be before the turn of the century," the party says.

The proposal is part of the most radical review of open prisons in Britain since they began experimentally in the 1930s. The report says existing open prisons are in rural areas whereas most of their inmates come from urban areas.

That means there are limitations on the sort of jobs and leisure pursuits available and the prisons are inaccessible for visits.

But the ideas the working party has for greater openness would also apply to existing open prisons. There should be a reduced emphasis on security and control, with greater freedom for prisoners to move out and in.

The report implies a revolution in thought with the employment of prisoners outside and employers encouraged to think of them as individuals rather than as a distinct group. They should not be under escort, the report says. Any prison staff present should be regarded as the prison's representative on the site instead of as a supervisor.

Where an inmate from an open prison needs to attend an outside medical appointment and is medically fit to go on his own, he should be allowed to do so, unescorted.

A changed emphasis on participation in outside sports would allow prisoners to join clubs as individuals in suitable cases, which would give more contact than is possible for teams.

Prisoners should be free, the report says, to use the church of their choice and to take part in whatever activities the church community is offering. They should be free to attend in civilian clothes and to mix with the congregation.

There should be no escorts when prisoners go to outside colleges or libraries. If a rural library service is limited and there are poor facilities for physical education, the prison gymnasium and library could be opened to the local community. Weekend schools at the prison, with inmates and local residents joining in, could be arranged.

Although the Prison Officers' Association is adamant there should be no further concessions on mail censorship, the working party would like to see less of it. The report advocates that all inmates of open prisons should be given access to a pay telephone.

At Kirkham open prison in Lancashire prisoners were allowed to use telephones as an experiment, but opposition to the scheme by prison officers effectively stopped it at the end of last year.

At the end of last year, the per cent more it said.

SCOTS ISLANDS IN VAT PLEA

The Highlands and Islands Development Board has asked the Government to exempt the Scottish Islands from value-added tax on petrol and diesel.

Food prices in the islands were up to 20 per cent higher than in urban areas and other consumer goods cost up to 30 per cent more.

The Irish most at risk from drink

By Our Medical Correspondent

Orders were compared with those of the English population, taking account of age and sex. Admissions among the Irish for alcoholism and alcoholic psychosis, were 5.3 times the expected number. Schizophrenia was more than twice as common as expected in both men and women.

In contrast admission rates for alcoholism among immigrants from Germany, Italy, Poland and the new Commonwealth, were lower than for the English. When immigrants are found to have more mental illness than the local population three explanations are usually put forward.

Psychiatric illness may be more common in some nationalities than others; migration may be a stressful experience that increases the frequency of mental disorders; or people with mental disorders may be more likely to leave their own country.

Some support for the first explanation comes from findings that high as the admission rates were among the Irish living in South-East England, they are even higher in the Irish Republic itself.

About 75,000 people out of over two million are problem drinkers, according to Dr Douglas Bell, senior employment medical adviser of the Scottish Health and Safety Executive yesterday.

He was speaking at a press conference in Edinburgh to launch a paper offering guidance on joint management and trade union cooperation to assist such drinkers. "What we are encouraging employers to do is to look more critically at their staff, but with alcohol in mind," he said.

The hotels are the Glen-eagle and the North British and Celestian, both in Edinburgh.

Dissent likely in 'Observer' report

By Dan van der Vat

The Monopolies and Mergers Commission is expected to present its report on Lorrho's bid for The Observer, Britain's oldest Sunday newspaper, to Mr John Biffen, the Secretary of State for Trade, next week, it was learnt last night.

After the delivery of the commission's report the Government will need at least two weeks to have it printed and decide on its response.

If, as seems likely, the commission is not unanimously in favour of Lorrho, Mr Biffen's decision could be delayed and made conditional upon detailed safeguards for editorial independence; however, a sense of urgency is now apparent in commission circles.

The controversial bid for the newspaper, initiated by Lorrho's chief executive, Mr Roland "Tiny" Rowland, was referred to the newspaper panel of the commission by Mr Biffen at the end of March, with instructions to report by the end of this month.

The eight-man panel, chaired by Sir Godfrey Le Quesne, the Director-General of the commission, is understood to have finished gathering evidence in the first half of this week with a final hearing of representations from sources connected with the newspaper opposed to the bid.

Much of the evidence has come from journalists on The Observer, testifying collectively and individually. Their main concerns have focused upon the newspaper's reputation in the Third World, particularly in Africa, and Lorrho's business interests there; editorial guarantees; and Lorrho's commitments to the paper's future in the form

of large and long-term investment.

Lorrho and Mr Rowland made no secret of their opposition to a referral of the takeover to the commission, stating that the uncertainty caused by the delay would damage the confidence of advertisers and readers and the morals of the staff.

Everything was done to try within the law to make a referral unnecessary. The original deal was a personal one, concluded between Mr Rowland and Mr Robert Anderson, chairman of the American oil company Atlantic Richfield, the present owner of the paper, for a transfer of shares.

Lorrho was to get all the newspaper's shares in exchange for a 40 per cent stake in George Outram, the Glasgow newspaper publishing subsidiary of Lorrho. Later the terms were changed to a 20 per cent slice of Outram plus £3m in cash.

Then, just as Mr Biffen was insisting on a referral to the commission, Mr Rowland announced that he would personally acquire a 50 per cent holding in the Atlantic Richfield subsidiary controlling The Observer. When that too failed to ward off the commission's attention, Mr Rowland withdrew and Lorrho once again became the bidder.

Lorrho and Mr Rowland have gone out of their way to ally scepticism by offering guarantees on the paper's independence. The main printing union, convinced that Atlantic Richfield was determined to extricate itself from The Observer, have shown a mainly benign attitude to a Lorrho takeover.

Mr Phillip Egginton, of the Midlands Electricity Board, said that to ensure brightness and definition of picture there 20,000 volts insulation in older sets could deteriorate over the years, leading to arcing.

Normally the reasons for arcing were moisture, an accumulation of dust or the breakdown of insulation from old age. He thought an insulation breakdown was the most likely cause of the fire.

Mr William Holland, Vision-hire's area manager, said the set was a Pye CT 73 colour hybrid, which means it had a mixture of valves and transistors. It had been installed in Mrs Barton's home in November, 1971. Since then engineers had been called out 40 times, but that was not unusual.

Mr Gordon Sykes, who was paralysed from the waist down after an aircraft accident 17 years ago, hopes for backing if he produces the names of 100 former RAF and WRAF members who would benefit from rent-free holidays in purpose-built bungalows, probably in Tenerife, Cyprus or Florida. But lack of adequate records means that he is less than half way to his target.

Mr Sykes, a BL executive who received the MBE for his work with the RAF Benevolent Fund, launched the scheme for the International Year of Disabled People. It is aimed at former RAF personnel or dependants with 100 per cent disability.

He estimates that there are 4,000 in that category but since they are not separately listed in government records, he has been unable to get RAF personnel or dependants with 100 per cent disability.

Mr Sykes, of 4, The Motte, Abingdon, Oxfordshire, said yesterday: "It is a chicken and egg situation. I have great hopes of support, from several sources, but I have to prove the need first."

"There must be many people sitting at home thinking they are disabled, that they can never do anything again. Once you get them actually to do something, like coping with going away on holiday, they start working for themselves instead of sitting back and waiting for society to do everything for them."

The cost of bungalows designed for people with 100 per cent disability is estimated at £32,000 in Florida and £30,000 in the Canaries. Residents would be provided with nursing and an adapted car and would only pay the cost of food and return air fare.

Holidays on offer to ex RAF staff

By David Nicholson-Lord

A former jet fighter pilot has appealed to disabled ex-servicemen to get together to provide them with low-cost holidays abroad.

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Warning by coroner on old TV sets

From Arthur Osman
Birmingham

People who have old television sets which might have suspect insulation, and who wanted to be completely safe, should consider replacing the sets, Dr Richard Whittington, the Birmingham coroner, said yesterday.

He recorded a verdict of accidental death on Mrs Flora Barton, a widow, aged 57, of Regent Road, Handsworth, Birmingham, who died last December when her nine-year-old son, who had been playing with the television set, was electrocuted by the set.

Her son, Mr Herbert Barton, said that the colour set was on hire from Visionhire. It had been serviced after he had reported loss of picture and he returned it from work later to find the set had imploded and his mother died in a chair near by.

The inquest heard evidence from two service engineers from the hire company. One said that two days before Mrs Barton's death he had replaced a frame panel. Two days later when the set had failed again another engineer called and replaced the same panel and the line power which was in the high voltage input area.

The replacement parts were not new and had been taken from other sets and thoroughly tested.

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Cinderella touch: The glass coach in which Lady Diana Spencer will travel on the royal wedding day. Mr Richard Boland, the coachman, in the driving seat at the Royal Mews yesterday, dressed like the two footmen in full state livery.

Royal progress in rain or shine

By a Staff Reporter

Buckingham Palace yesterday released details of the carriage procession which will take the Royal Family to and from St Paul's Cathedral for the wedding of the Prince of Wales to Lady Diana Spencer on July 29.

But, aware of the unpredictable nature of the English climate, the Lord Chamberlain's office has drawn up alternative plans for covered carriages in case it rains.

If the weather is fine, Lady Diana, travelling with her father, Lord Spencer, in a glass coach pulled by a pair of bay horses, will be the last to arrive at the cathedral for the 11am service, accompanied by an escort of mounted police and military police.

The Prince, who will travel in the 1902 state postillion landau with Prince Andrew, the elder of his two supporters, will be escorted by members of the first and second divisions of the Sovereign's Escort. A second open carriage will carry his entourage.

The Queen, in an open semi-state postillion landau drawn by four grey horses, will be first to arrive, escorted by mounted police and the first, second and third divisions of the Escort.

She will be accompanied by the Duke of Edinburgh and surrounded by a standard party, an escort commander, a field officer of the Escort, the Silver Stick Adjutant and the Silver Stick in Waiting.

After the service, which will last about an hour, the bride and bridegroom will leave St Paul's in the open 1902 state landau drawn by four greys.

With them will be their bridesmaids and pages, travelling in Queen Alexandra's state coach and the glass coach.

The Queen will travel with Lord Spencer, while the Duke of Edinburgh will be in the second carriage with Mrs Shand Kydd, Lady Diana's mother. The rest of the procession will be made up as before, with the mounted police bringing up the rear.

If it rains, the Queen will travel to St Paul's in the Irish state coach, the Queen Mother in Queen Alexandra's state coach; the bridegroom in the Scottish state coach and the bride in the glass coach.

On the return journey the Prince of Wales and the Princess of Wales will travel in the Scottish state coach, drawn by four greys.

The statement outlined the progress made since Mr Jenkin initiated the fraud campaign by adding an extra 1,050 staff to fraud and abuse work.

Mr Jenkin said that extra staff had not only saved more than £50m at an administrative cost of about £10m since August, 1979. They would also yield "unquantifiable savings through their deterrent effect."

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Fraud team saves £40m in benefits

By Pat Healy,
Social Services Correspondent

The Government is to continue its efforts to check fraud and abuse of social security, at least in the present financial year. That was made clear yesterday when Mr Patrick Jenkin, Secretary of State for Social Services, made available the detailed calculations for his claim that the campaign has saved £40m in benefits.

The method used shows that the savings may be less than a quarter of the £40m claimed, since actual weekly benefit savings have been multiplied according to assumptions about how much longer those benefits might have continued.

Mr Jenkin also confirmed publicly for the first time that the new specialist claims control procedures, regulations for which were leaked in The Times, are intended to be extended from their regional operations to a national system.

The procedures, which have been criticized as threatening privacy and subjecting virtually all one-parent families to suspicion of fraud, are being developed in the light of that change, and not because anything has gone wrong. Mr Jenkin said in a statement placed in the House of Commons library.

The statement outlined the progress made since Mr Jenkin initiated the fraud campaign by adding an extra 1,050 staff to fraud and abuse work.

Mr Jenkin said that extra staff had not only saved more than £50m at an administrative cost of about £10m since August, 1979. They would also yield "unquantifiable savings through their deterrent effect."

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British citizen's 12-year fight to leave Russia

By Peter Evans, Home Affairs Correspondent

Arthur Raffé, aged 57, a British citizen trapped in Moscow, wants to return to London which he left as a boy. But after a 12-year campaign he has been turned away twice from the British Embassy by Russian police, who confiscated his British passport.

Mr Raffé said that each time he was held for over two hours and questioned. Now Mr Michael Holmes, the British Consul, had got his passport back for him, but he is no nearer to coming home.

Mr Nikolai Ouspensky, press attaché at the Soviet Embassy in London, said he had no knowledge of the case but confirmed that permission would have to be obtained from the local authority in Russia for a visit to Britain. But even if Mr Raffé were a Russian citizen, that alone would not preclude him from leaving.

His story is less reassuring. He has been trying to come to Britain, first as a visitor, then to live, since 1968, after a period in Lubyanka prison and a labour camp and after finally convincing the British authorities he was who he said he was, they gave him his passport.

He was taken to Russia as a child by his mother to live with the man he thought was his father after her marriage broke up. He discovered the truth after the death of David Shkarovsky, the Russian Jew he

assumed was his father, in a Moscow air raid in 1941. American Jews living near by told him something of his background, and he began looking for his real father.

His first success came when he casually looked in a reference book in a library in 1942 and found there the name of W. C. Raffé, who turned out to be a well known artist of his time and an expert in the historical study of the dance.

But his contact with foreigners in search of his father got him into trouble. He was arrested in 1951 on a charge of spying, which was later changed to one of anti-Soviet agitation. He said: "I had told some foreigners I had been having a hard time in the war."

He was held in the Lubyanka for six to seven months, and then sent to a corrective labour camp at Kargopol, near Archangel. He was released in 1955, two years after Stalin's death.

After he got friends to look through London telephone books, his 20-year search for his father came to an end. But he found that he had died two years before.

The story he pieced together was as follows. He was born to a Frenchman (the late Francis Solomons) on January 28, 1924, in Calcutta. His father, principal of the Lucknow College of Art, came back with

the family to England later that year, but his mother took the child with her to live with Mr Shkarovsky.

He went to Canonbury Road School, Islington, where he won violin scholarships from the Guildhall School of Music and London County Council. In the summer of 1935 he was taken at the age of 11 to the Soviet Union by his mother to join Mr Shkarovsky, who had preceded them there.

His mother died in Moscow in 1935 and his real father remarried.

Now a translator in Russia, Mr Raffé tells, in excellent English with traces of a London accent, how he is still, bedevilled by bureaucracy.

He has been trying to reject Russian citizenship and come to Britain ahead of his wife to set up home, but he needs a character reference from his place of work, signed by the party organizer, the trade union organizer, and the manager, with an official seal from the organization.

But they do not wish to give it to him, because he is a freelance, not a full-time employee. He has appealed for help to President Brezhnev, the Praesidium of the Supreme Soviet, the Ministry of Home Affairs and the Ministry of Foreign Affairs.

A week ago, he says, the British Embassy sent yet another application on his behalf.

X-ray test on Asian children is condemned

By Lucy Hodges

The practice of examining Asian children with X-rays to find out their ages before they come to Britain is condemned today as inaccurate and dangerous by Lord Avebury, the Liberal peer.

A 21-page study prepared by Mr Edward White, Lord Avebury's research assistant, of Yale University, and published today, calls for a ban on the practice. It says the Yellowfloods report, commissioned by the Government into the medical testing of immigrants, skimmed blindly over the issue.

"The Yellowfloods report contains no limitations or safeguards recommendation which show either an understanding of any of the issues involved or a concern for the people the report affects," the study says.

The report by Sir Henry Yellowfloods was undertaken after protests about an Asian woman who had been subjected to a virginity test, and about bone X-ray examinations. Those X-rays are carried out only on Asian children when immigration officials are in doubt about their age.

The Yellowfloods report concluded that it was ethical to make X-ray examinations to estimate bone age and that it was a useful, fairly accurate and acceptably safe method. The study disputes that.

Its findings are endorsed by an ad-hoc committee drawn from the British Medical Association, the Joint Council for the Welfare of Immigrants, the United Kingdom Immigrants Advisory Service, the Trade Union Congress and regional health authorities.

The Avebury study says there is no safe level of radiation exposure and that bone X-ray examinations to determine age are inaccurate.

Bone X-ray tests measure skeletal age and are used by doctors to see whether children's bone growth is relatively advanced or retarded for their age. They are used to assess maturity, not children's chronological age.

A child with a bone age of 11 could have an actual age of between nine and 13. The report says the examinations on Asian children are being used to measure something for which they were not designed.

There is, therefore, a wide margin of error which is compounded by the fact that the standards used are those of the Western world.

Rooms with a view



The vista from a five-bedroom tower penthouse flat at the Barbican Centre.

£500,000 council flat goes on sale

By Baron Phillips

Britain's most expensive council flats go on sale this weekend. No other sale of council-owned property is likely to attract as much attention and interest among the well-to-do professional classes.

The sale is of flats in tower blocks rising above the City of London only a brick walk from the Bank of England and the nation's financial heart. The blocks form part of the Barbican Centre developed by the City of London Corporation during the 1960s.

For a mere £500,000 a spacious five-bedroom penthouse flat with panoramic views of London can be purchased. Or if that price tag is likely to make your bank manager's heart miss a beat or two then more modest three-bedroom flats are available for between £80,500 to £140,000.

It seems the inevitable has finally come to be. After the 1980 Housing Act the City of London Corporation has been pushed into allowing sitting or secured tenants to buy their homes. But these 100 expensive council flats are vacant and the corporation has decided to put them on the open market rather than simply wait for them to be occupied.

Interest in the flats, originally designed for middle and high income families, has been immense. On Sunday when the estate agent's doors opened at 10 am a queue of 50 people had formed. One couple had waited since 3 am. By the close of business 31 flats were under offer; that has increased to 33.

The Barbican has a long and chequered history. A concept

for building a huge residential development on the edge of the City was floated after the Second World War when London was being reconstructed after the damage it endured from German bombing. But it took almost a decade to get the scheme onto the architects' drawing board.

There were political clashes within the City Corporation and the then London County Council over the proposed scheme. Work finally started towards the end of 1959 and the residential heart of the Barbican was completed in 1975.

One of the reasons the corporation is selling off this first branch of 100 flats is to help pay off the interest charges on the Barbican development which are running at between £3.5m and £3.75m a year. It cost the corporation £50m to build the residential part of the Barbican.

About 5,500 people live in the 2,011 flats which make up the Barbican. The accommodation varies from bedsitters on sale for between £28,000 and £30,000, and the spectacular five-bedroom penthouse flats perched at the top of Lauderdale Tower.

To buy one of the luxurious penthouses with their superb views across London you not only need £500,000 cash; it will also cost the buyer almost £150 a week simply to carry on living there in rates and service charges. Even in the more modest three-bedroom flats in Cromwell Tower near by, which sell for £80,000, will cost an additional £60 a week to maintain.

Lothian council to lose £53m grant

From Ronald Faux, Edinburgh

Cuts in the rate support grant of more than £53m for seven Scottish local authorities were announced yesterday by Mr George Younger, Secretary of State for Scotland. The Lothian Regional Council was warned that it would face a grant reduction of £53m because of "excessive and unreasonable" spending plans.

Six district councils affected by the Government's tough measures to curb local government spending are Renfrew (£13.8m cut), Dundee (£27.5m), East Lothian (£13.5m), Stirling (£12.5m), Dumfries (£750,000) and Dumfries and Galloway (£450,000).

The miscellaneous provisions Bill for Scottish local government will shortly receive royal assent and will oblige the local authorities warned by the Secretary of State to make a formal reply. After that a report will be laid before Parliament seeking approval to cut the rate support grant.

The severity of the action in Lothian region was greater than had been expected and Labour politicians on the council were yesterday regarding the warning as a long way from being a final demand by the Government.

Mrs Phyllis Herriot, leader of the Labour group on the council, said she was extremely angry at the scale of the cuts which could cause the loss of thousands of jobs and the decimation of local government services. Trade unions would be among those consulted in deciding what action to take.

Under the Bill the Secretary of State will have power to reduce the rate support grant if he was satisfied that an authority planned to incur an excessive and unreasonable level of expenditure. The letters issued yesterday gave the councils a last chance to revise their budgets before Mr Younger sought parliamentary approval to impose cuts.

The rate support grant covers more than 60 per cent of the spending by the local authorities in Scotland.

Mr Younger made it clear in his letter that the announcement was only a preliminary view. It did not exclude the possibility of proposed reductions would be proposed for other authorities as well.

The Convention of Scottish Local Authorities is opposed to the Government's policy on local authority spending. It points out that in real terms spending in Scotland has been reduced from £2,600m in 1975 to 1976 to a present level of just over £2,000m.

In the same period central government had increased its spending and had a much worse record at meeting budgetary targets.

The guidelines used by the Government for local authority spending had turned into mandatory levels arrived at without negotiation.

Mr Ronald Young, of Strathclyde Regional Council, yesterday described the powers in the Bill as thoroughly dangerous to the whole notion of local government. "The Government he said, was moving in to tell individual local authorities what they should be spending, and effectively taking over the decision-making in local government."

He said that all but six of the 65 Scottish authorities were over the guidelines.

The newly elected Labour administration of one of the country's most marginal council, delivered a shock to its ratepayers (four Bristol Councils, headed by Mr William Graves, head of Avon County Council, announced a supplementary rate that will add £20 to the average bills of local ratepayers).

Speaking at his administration's first press conference since coming to power, Mr Graves said that it had no alternative but to levy the additional rate to carry out its election promises and comply with government cuts.

With only 8p in hand it had to impose supplementary rates of between 5p and 10p to raise the £10m needed to run the council.

INQUIRY ON WEIR DROWNINGS

A council announced yesterday that it is to investigate safety measures at the weir near Newark, Nottinghamshire, in which two people drowned in a cabin accident on Wednesday.

Councillor Michael Cowan, leader of Newark district council, said that a public inquiry six years ago recommended placing a chain across the weir which 12 Scottish soldiers had been swept to their deaths, but the chain was never erected.

Mr Cowan said: "We shall certainly be asking the appropriate authority about the safety measures at the weir. The council will also be suggesting additional safeguards."

The British Waterways Board in London said that an internal inquiry had been ordered, and that a police report was awaited.

The two people who drowned on Wednesday were Mrs Christine Sloan, aged 34, and Mr Keith Hood, aged 37, from Ashford, Kent.

Mrs Sloan's two children, Anita, aged 12, and Simon, aged 13, were rescued and taken to hospital, where Simon is in a critical condition.

IN BRIEF

New organ donor card launched

A new plastic organ donor card was launched yesterday by the Department of Health and Social Security. Twelve million will be distributed through chemists, shops, doctors and the Royal National Institute for the Blind.

The cards specify which organs the carrier offers for transplant after death, replacing a number of cardboard cards.

Inter-city flights

Dan-Air are to operate a new service between Newcastle upon Tyne and Aberdeen on Saturdays and Sundays from this weekend. Fares start from £22. Another service will operate between Newcastle and Jersey every Sunday with fares from £33.

Murder charge

Anthony Frank Pattison, aged 27, a warehouse manager, of St Mary's Mount, Wyke, Bradford, was remanded in custody for a week when he appeared before Bradford magistrates yesterday, accused of murdering Anne-Marie Hamilton, aged five, also of Wyke.

Crossbow boy order

A boy of 15 from Crawthorne, Berkshire, who caused an Exeter hotel to be evacuated after threatening a porter with a crossbow, was placed under supervision for three years by magistrates at a juvenile court in Bracknell, Berkshire, yesterday.

Mayor snubs Maxwell

Mr Henry Nimmo, Oxford's Labour Lord Mayor, has declined an invitation to a reception given by Mr Robert Maxwell, the publisher, tomorrow. He refuses to cross a picket line of journalists who are on strike at Mr Maxwell's Pergamon Press.

Post office raid

Raiders dragged Mr Ayub Ali Shah from his home and forced him to accompany them to a post office at Dagenham, Essex, early yesterday. One of the gang stayed behind and guarded Mr Shah's sleeping wife and children.

Soldier feared dead

A rifleman in the Royal Green Jackets was feared drowned yesterday after getting into difficulties while swimming. Two friends were unable to pull him from the lake at Llyn Cwnorthin, Blaenau.

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No return for Czech dissident

By John Withers

Dr Julius Tomin, the Oxford philosopher, has been deprived of his Czechoslovak citizenship because of comments he made about Poland last year.

The Czechoslovak embassy told Dr Tomin last week that he and his wife, a former member of the Charter 77 human rights group, could not return to the country because of statements they had made to the BBC and The Times, saying that the strikes in Poland would "purge" the country of Czechoslovak workers.

The couple and their two children had been granted a five-year exit visa last August for Dr Tomin to lecture in ancient Greek philosophy at Balliol College, Charter 77 sources said at the time that it was likely their citizenship would be revoked after about

a year, as has occurred with other dissidents.

Dr Tomin, aged 42, left Czechoslovakia after police harassment had forced him to abandon unofficial seminars, known as the "Patočka university", in which he invited foreign academics to lecture at private flats in Prague. Three Oxford dons, including Dr Anthony Kenny, the Master of Balliol College, and Dr William Newton-Smith, a senior tutor, have been expelled from Czechoslovakia for delivering papers at the seminars.

Dr Tomin has appealed against the removal of citizenship.

In a document released to the Times Higher Education Supplement, he denied that he was an enemy of the Czechoslovak regime and said he still considered himself a citizen of

the country and planned one day to return.

"It is my duty to return. I make no conditions and I know my return to Prague will never be returning to paradise. But Oxford has invested so much priceless learning in me and there are hardly any Greek reading scholars in Czechoslovakia. I must share this learning."

Before leaving Czechoslovakia Dr Tomin signed a statement saying that he would not engage in anti-Czechoslovak or anti-socialist activities while abroad, but added a proviso that he could only harm the country's interest by not behaving or thinking freely.

He has since been careful not to make inflammatory statements and was particularly circumspect in his comments published in The Times last year.

FILM PRODUCER ON CAR DEATH CHARGE

Ricardo di Tommaso, aged 39, film producer, of Mulberry Trees, Shepperton, was yesterday accused at Feltham of causing the death by reckless driving of Mr Donald Ranger, aged 49, managing director of the Heron Motor Corporation, of The Avenue, Sunbury, Middlesex, in January. Mr di Tommaso was given unconditional bail.

Stansted not necessary, airline says

By a Staff Reporter

Building a fifth terminal at Heathrow Airport, instead of greatly expanding Stansted in Essex, would make better sense commercially and environmentally and would save the taxpayer more than £500m, British Airways said yesterday.

Releasing details of the case it will argue at the Stansted public inquiry this September, the airline said that developing

Stansted as London's third airport would cost almost three times as much as a fifth terminal, £860m, at 1979 prices, compared with £324m.

Fragmentation of its operations at a third centre would reduce efficiency, increase overheads, involve buying 40 extra aircraft and probably cost the airline an extra £150,000 a year, leading to higher fares.

The airline forecasts that the recession will mean that 10,000,000 fewer air passengers will be passing through London than the 70,200,000 predicted by the British Airports Authority.

The result of expanding Stansted would be a duplication of services involving smaller, noisier aircraft, rather than a concentration of larger, quieter ones at Heathrow.

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Getting defence review right

Safety net to absorb the lean years

By Peter Hennessy

British defence reviews, like wars to end wars, have a depressing habit of being overtaken by events within a short time. Since 1945 there have been five substantial attempts to achieve stability in defence spending by scaling down aspirations to match the capacity of the economy to pay for them.

What does Mr John Nott, Secretary of State for Defence, need to do to succeed where Sir Edmund Harwood failed in 1949, Mr Duncan (now Lord) Sandys in 1957, Mr Denis Healey in his twin reviews of 1964-66 and 1967-68, and Mr Roy Mason in 1974-75 following down the same path?

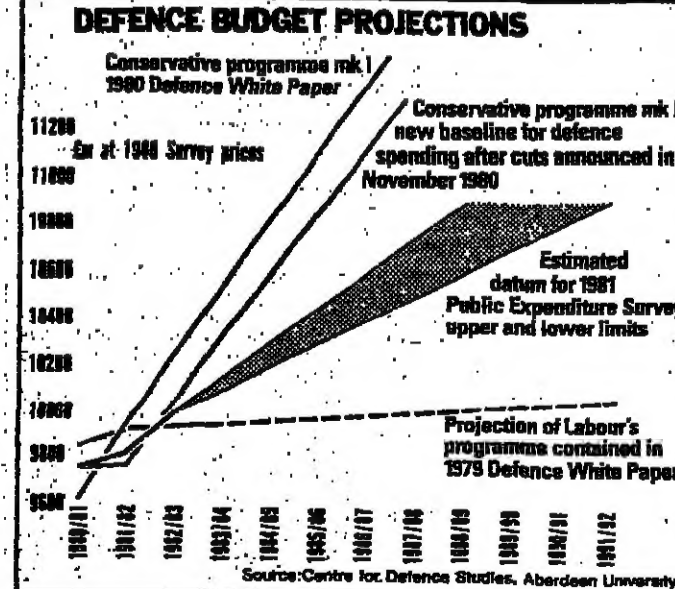
That question is preoccupying the Ministry of Defence as it puts its final touches to the paper to be presented to the Cabinet's Overseas and Defence Committee on Monday.

The answer, according to Mr David Greenwood, Director of the Centre for Defence Studies at Aberdeen University, is to build in a safety net sufficiently flexible to absorb a run of lean years in defence spending without destroying the logic of whatever new balance the Cabinet decides to impose on the country's defence effort.

Using figures published in The Times on May 22, which suggested that the final review of the sixth defence review since the Second World War was likely to be a £5,000m cut in the defence budget in the first 10 years, Mr Greenwood has prepared a graph showing the envelope into which the Nott package will probably fall, depicted as a shaded space in the illustration.

Its upper limit postulates a relatively benign Chancellor of the Exchequer allowing an annual growth in the defence budget of about 1 per cent over the coming decade. The lower line traces an expenditure path of just under one per cent growth a year.

Using figures that Mr Green-



wood emphasises can only be rough and ready, should the Cabinet approve economic co-responding to the upper line, the cuts should rise from about £50m next year to an average annual saving of about £350m in the second half of the 1980s. Should a deeper bite, corresponding to the lower limit, be decided upon, the cuts could rise to £450m a year by the mid-1980s, reaching £700m annually in the later 1980s and beyond.

The closer the final shape of the defence review accords with the lower limit, the less likely will be repeat performance in a few years time or the need for a spending moratorium, such as that imposed last year.

What does Mr Greenwood expect Mr Nott's review to produce? For all the minister's assurances that it is not a straight choice between a continental or a maritime strategy he says that is what it is about.

Clearly the Trident deterrent will survive, as will the air power of the United Kingdom. Some capacity will remain for keeping the western approaches

open in the event of a protracted land war in Europe. Royal Navy tank hunting Soviet missile-carrying submarines north of the Greenland-Iceland-Faroes gap will be a casualty of the review, Mr Greenwood believes.

On the horizon Mr Greenwood detects two difficulties of increasing magnitude. First, a shortage of manpower in the late 1980s arising from a drop in the pool of potential recruits, because of the falling birthrate in the 1960s.

Second, the increasing cost to Britain in terms of foreign exchange of the British Army of the Rhine could, he believes, inspire "some doctrinal movement" in British thinking about the ways of fighting a future land war in Europe. Greenwood said: "We like distressed gentlefolk in reduced circumstances living in a big house with a Daimler. But we can keep up appearances like this no longer and should be prepared to adopt a more becoming life-style."

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Polish church plea against Bydgoszcz strike call

From Dossa Trevisan, Warsaw, June 4

Poland's Roman Catholic Church today continued to play a moderating role begun by the late Cardinal Wyszyński by opposing the strike call by the Bydgoszcz branch of Solidarity.

The local union is threatening to strike in protest against the authorities' failure to honour the March agreement to punish the policemen who beat up eight Solidarity members in the city.

Solidarity's national executive committee, which is meeting in Bydgoszcz today, was addressed by Mgr. Jan Michalski, the Bishop of Gniezno, who had been sent by the Polish Episcopate to attend the meeting in protest against the authorities' failure to honour the March agreement to punish the policemen who beat up eight Solidarity members in the city.

He recalled that the Pope had ordered 30 days of national mourning for Cardinal Wyszyński which should be devoted to peaceful work.

The local Solidarity branch was threatening to call a strike for June 11 if the Government failed to identify the men responsible for the violence against its members.

Yesterday, Mr. Mieczyslaw, the Deputy Prime Minister, met Mgr. Dabrowski, the secretary of the Polish Bishops' Conference and a communiqué issued afterwards stated that he told the Polish bishops of "dangerous new tensions" which were being provoked by "certain forces" whose statement deliberately omitted to identify.

The Bydgoszcz police violence had brought the country to the verge of a general strike. It was settled after church mediation. The local union branch has been waiting ever since for the authorities to present their report of their investigations.

The union has several times urged the authorities to speed up the investigation and more recently, contacted the vice-president of the Polish Parliament calling on him to make

inquiries in the Ministry of Justice.

But, Mr. Jerzy Bafia, the Minister of Justice, claimed that it was unable to identify those who were actually responsible for the Bydgoszcz violence. The local union leaders have also invited Mr. Stanislaw Mach, a Deputy Prime Minister, as well as Mr. Boguslaw Wojciechowski, Poland's Attorney General, but, according to Solidarity, they failed to show up.

Another dispute which the church is also trying to settle with the authorities concerns the release of the remaining political prisoners and in particular, the release of four members of the Confederation of Independent Poland.

Meanwhile, another incident is said to have occurred in Rybnik in which a monument in a Soviet Army cemetery was damaged.

This is the fourth incident of its kind reported in the past few weeks. Polish-German relations have been severely strained by these acts of hostility towards Soviet soldiers in Poland.

Big protest at US Navy base in Japan

Yokosuka, June 4.—More than 7,000 demonstrators shouting anti-American slogans and waving peace signs marched tonight to protest against the arrival of the American aircraft carrier Midway.

More than 3,000 riot police, armed with shields and fighting staves and backed by armoured buses and water cannon, guarded the base together with United States Marines and sailors.

The Midway is due to dock tomorrow at 9 am and more demonstrations are expected then.

Police said that there were no serious incidents during today's march.

As the anti-Midway rally went on, local officials continued last-minute efforts to have the 64,000-ton ship, returning from patrol in the Indian Ocean, dock at another port.

The carrier has been based at Yokosuka, in Tokyo Bay, for eight years but is now suspected by many Japanese of carrying nuclear weapons for violation of Japan's stand against harbouring such arms.

The suspicions arose after former United States Government officials said American ships had been carrying nuclear weapons to Japanese ports for the past 21 years.

The Midway carries three types of aircraft capable of dropping nuclear bombs. Mr. Kazuji Nagasu, Governor of the prefecture in which Yokosuka is situated, has sent telegrams to the Japanese and United States Governments asking for the Midway to go elsewhere.

Reuter.

Increases in other fields of expenditure will be limited to less than 2 per cent under the Finance Ministry's belt-tightening policy.



Pope sees shooting victim

Mrs. Anne Odre, who was wounded during the attack on the Pope three weeks ago, meeting him yesterday in his Vatican apartment.

The Pope was discharged from hospital on Wednesday. "Both of them were obviously very moved," Mrs. Odre's doctor, Dr. Federico Meneghini, who was also present, said. "The Pope told her that she had suffered from him."

They spoke mostly in Polish. Mrs. Odre, who is from Buffalo, New York State, was driven to the Vatican, and taken by wheelchair to the Pope's quarters. She was accompanied by her two children and a nurse.

The Pope and Mrs. Odre, family are from Wadowice, Poland.

At the end of the audience, the Pope gave Mrs. Odre and her daughter two rosaries.

The Pope had earlier had a festive first night at home.

His doctors agreed with him that his recovery would be quicker in his own apartment, but the problem remains of stopping him from working before he is well enough.

On Sunday, which is Pentecost, about 400 prelates from around the world are expected to attend ceremonies in St. Peter's and St. Mary Major, marking the 1,600th anniversary of the first Council of Constantinople and the 1,550th anniversary of the Council of Ephesus. The Pope is expected to listen to radio broadcasts of the ceremonies.

During the morning the Pope met Cardinal Agostino Casaroli, the Vatican Secretary of State, and Cardinal Frantisek Tomasek, the Archbishop of Prague, who had flown to Rome from Warsaw, where he attended the funeral of Cardinal Wyszyński, the Primate of Poland.

But there are a number of other issues of great importance to the Pope, on which he could not bring the Communists to see eye to eye. These are the Camp David agreements in the Middle East, Soviet intervention in Afghanistan, Poland, and the stationing of Soviet SS20 medium-range missiles in Eastern Europe.

In their eagerness to climb on to the Socialist bandwagon

French left concludes cooperation pact

From Charles Hargrove, Paris, June 4

Cooperation between the French Socialist and Communist parties in the forthcoming general election and its aftermath were agreed today after only three days of negotiation.

The agreement reached amounts to more than a purely electoral arrangement but falls short of the "political accord" and even more of the policy agreement which the Communists had hoped for.

It leaves unsettled the key issue of Communist participation in a reshuffled Socialist Government. That decision will rest solely with President Mitterrand and will probably be taken in the light of the Communist performance in the election.

The two parties agreed to withdraw the runner-up in favour of the candidate leading the poll for the left after the first round on June 14 before the decisive one on June 21. But they have gone beyond this. The text of the agreement refers to a "coherent and lasting majority determined to operate in every way in the application of the new policy chosen by French men and women in electing Francois Mitterrand to the presidency."

The text also refers to a number of policy issues on which the two parties converged. These are mainly concerned with social policy, such as both immediate and long-term measures against unemployment and the gradual introduction of a 35-hour week, and a fifth week of paid holidays. They also include the adoption of proportional representation, the election of regional assemblies by universal suffrage, decentralization and disarmament.

But there are a number of other issues of great importance to the Socialists, on which they could not bring the Communists to see eye to eye. These are the Camp David agreements in the Middle East, Soviet intervention in Afghanistan, Poland, and the stationing of Soviet SS20 medium-range missiles in Eastern Europe.

In their eagerness to climb on to the Socialist bandwagon

before the election, the Communists have been only too ready to gloss over these and other differences. But the Socialists have such bitter memories of their treatment at the hands of their erstwhile allies after the breakdown in the coalition of 1977 of the Union of the Left, that they now insist on an unambiguous formulation before committing themselves to anything in the future.

The Socialists therefore plan to publish a memorandum setting out the remaining points of difference between the two parties, including the scope and rhythm of nationalisation, for use as a basis for the discussions which will take place after the election on the appointment of Communist ministers.

An analysis of the polling in the first ballot of the presidential election on April 26, when the Communists lost one million voters, shows that in 43 of the 86 constituencies held by them, Mitterrand came ahead of M. Georges Marchais, the Communist Secretary-General.

In any case, they are not committing themselves in advance to any electoral pacts where a prominent Communist candidate is in serious difficulty. Today's agreement provides for an examination of these cases between the two blocs.

A projection on the basis of a poll carried out by the Louis Harris France Institute for this week's issue of the news magazine L'Express shows that the Socialists might even win 245 seats in the new Assembly, or two more than the absolute majority.

The poll gives the left as a whole 54 per cent of voting intentions including 32 for the Socialists, 17 for the Communists, 17 for the Communists.

The dilemma for the Socialists is whether it is preferable to have Communists in the Government, and compel them to assume their share of responsibility, or to keep them out and avoid a blow to confidence in business and financial circles.

Senate row over Reagan nominee

From David Cross, Washington, June 4

Mr. Ernest Lefever, the conservative academic who has become President Reagan's most controversial nominee to a senior post in the United States Government, today faced further cross-examination about his views on human rights.

Mr. Lefever, who is the President's choice for the senior human rights post in the State Department, was recalled unexpectedly earlier this week to be questioned by the Senate Foreign Relations Committee, most of whose members are believed to oppose his nomination.

In a closed session Mr. Lefever was seeking to explain the relationship between a Washington lobbying group he runs and the State Department. He has been accused of a possible conflict of interest, particularly since the Reagan administration voted against an international code to regulate the marketing of breast-milk substitutes (Nestle is a manufacturer) in poor countries.

Democratic members of the committee were also expected to question Mr. Lefever about his views on race relations. Two of his brothers said he once supported a theory that blacks were genetically inferior to whites. Mr. Lefever has already denied this.

The controversy with Mr. Lefever since the first Congressional hearing last month has led Senator Howard Baker, the Republican leader of the Senate, to tell the Administration that final approval of the nomination will probably be a long tough fight.

It will be a difficult struggle, but I believe it's "winnable", Senator Baker said.

New inquiry into Spanish siege mystery

From Richard Wigg, Madrid, June 4

An investigating magistrate today began a fresh attempt to try to solve the deepening mystery surrounding the Barajas bank siege which the Spanish Prime Minister told Parliament last week was part of a series of efforts by extreme right-wing elements to unsettle democracy.

The magistrate is questioning the nine men detained after the siege, who were brought yesterday to Madrid after the police failed in 10 days of interrogations, under the anti-terrorism law to produce a convincing account of the incident.

The results of the police interrogations, which Señor Leopoldo Calvo Sotelo, the Prime Minister, promised in Parliament last week would soon lead to more information on those who mounted the siege, are a severe embarrassment for the already hard-pressed Government.

POLICE BREAK UP HUNGER STRIKE

Santiago, June 4.—Thirty armed police forcibly removed nine students last night from a cathedral where they began a hunger strike 10 days ago to protest "about interference" in Chile's universities, relatives said.

The four women and five men had demanded that the military government should disband secret police squads on the campus and end the practice of banishing dissident students for three-month periods of exile in Chile.—UPI.

After months of criticism from white Zimbabweans the party meets this weekend to adopt a new name "in keeping with the changes in the country" and to consider policies to face the challenge posed by a breakaway faction.

With the closure today of candidate nominations for the second of the polls it emerged

Warsaw's verbal battle divides neighbours

By Our Foreign Staff

During this week's intensification of the war of words between Warsaw and Moscow, Poland's neighbours have been divided into two camps—the

strident and the silent. Czechoslovakia, East Germany and Bulgaria, whose assertion that "the activity of anti-socialist forces is increasing in Poland" was given wide circulation in the Soviet Union yesterday, have all taken a firm position in support of Moscow.

Poland's other neighbours have stayed out of the conflict, with the exception of Hungary where a government official said his party's main interest was to see that Poland found a political answer.

But he added that there could be "no status quo in Europe without the existence of a socialist Poland."

In East Germany the official newspaper Neues Deutschland attacked "counter-revolutionary

forces" in Poland in an article reprinted by all other East German newspapers and by Pravda.

Referring to foreign secret services' alleged involvement in Poland, a dispatch detailed Warsaw by ADN, the East German news agency, said: "At a press conference at the Polish Ministry of the Interior attention was drawn to documents of Western espionage centres making it clear that Poland has never been so important for them now."

Reports this week quoted Vasil Bilak, a member of the Czechoslovak Presidium, as saying that "counter-revolutionary forces could boast only of having brought Poland in 10 months and with the aid of Solidarity to the brink of economic catastrophe and plunged it into deep political insecurity."

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Consignments for the High Street?

The Direct Bag Service—a money-and-effort saving parcels service.

If you supply High Street stores or send consignments to one address, you should consider the Royal Mail's Direct Bag service.

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Direct Bag—one of an unrivalled range of services that makes Royal Mail Parcels the biggest and most flexible parcels service in Britain.

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Smith party tries to change its image

From Stephen Taylor, Salisbury, June 4

The Rhodesian Front (RF), the party which declared UDI and whose name became a byword for opposition to change, is attempting to rejuvenate its image as it approaches two crucial by-elections for white roll seats.

After months of criticism from white Zimbabweans the party meets this weekend to adopt a new name "in keeping with the changes in the country" and to consider policies to face the challenge posed by a breakaway faction.

With the closure today of candidate nominations for the second of the polls it emerged

that the by-elections would be a straight contest between the candidates of the RF and the Democratic Party which was formed in April by a former Rhodesian Front MP and stands for a policy of broad cooperation with Mr. Robert Mugabe's Government.

Dr. Ahn Palley, a former Independent MP, who urged the ruling Zanu (PF) party to field a candidate in the Borrowdale constituency and then said he would stand as an Independent, announced today that he would not be standing in order to prevent splitting the anti-RF vote.

The second by-election is in the Mazoe-Mitoko white roll seat.

Zanu (PF) will be watching the by-elections with keen interest. A senior member of the Government recently said that although there were signs across the country that it was gaining white support, the party believed that it was too early to put up candidates in white seats.

But, he said, it regarded the by-election as an important test. Sensing that it faces a threat in the by-elections, the RF is expected to adopt a generally more cooperative approach to the Government.

Cricket

Boycott and Gooch give England the start they need

By John Woodcock
Cricket Correspondent
LORDS: England beat Australia by six wickets

England took their expected lead in the three-match series for the Prudential Trophy when they beat Australia at Lord's yesterday by six wickets. The victory was a welcome boost to the team, which had been under a cloud since the loss of the first test to the West Indies. The match was a well-run affair, with England's batsmen showing more confidence than in their previous encounters. The bowling was also of a high standard, with several players contributing to the victory.

Needling 21 to win from their 55 overs England were given just the right start by Boycott and Gooch. Their past five opening partnerships in Test matches and one-day internationals, have been 100, 144, 93, 5 and now 86, and when rain threatened Gower came and played with the insolent ease of the highly gifted.

It was England's seventh successive one-day victory over Australia. With both bat and ball they were just what the doctor ordered. Australia had no one other than the covalent Lillie, to make the batsmen fret. Boycott, with an eye for the number of overs bowled, was declared soon afterwards, Man of the Match.

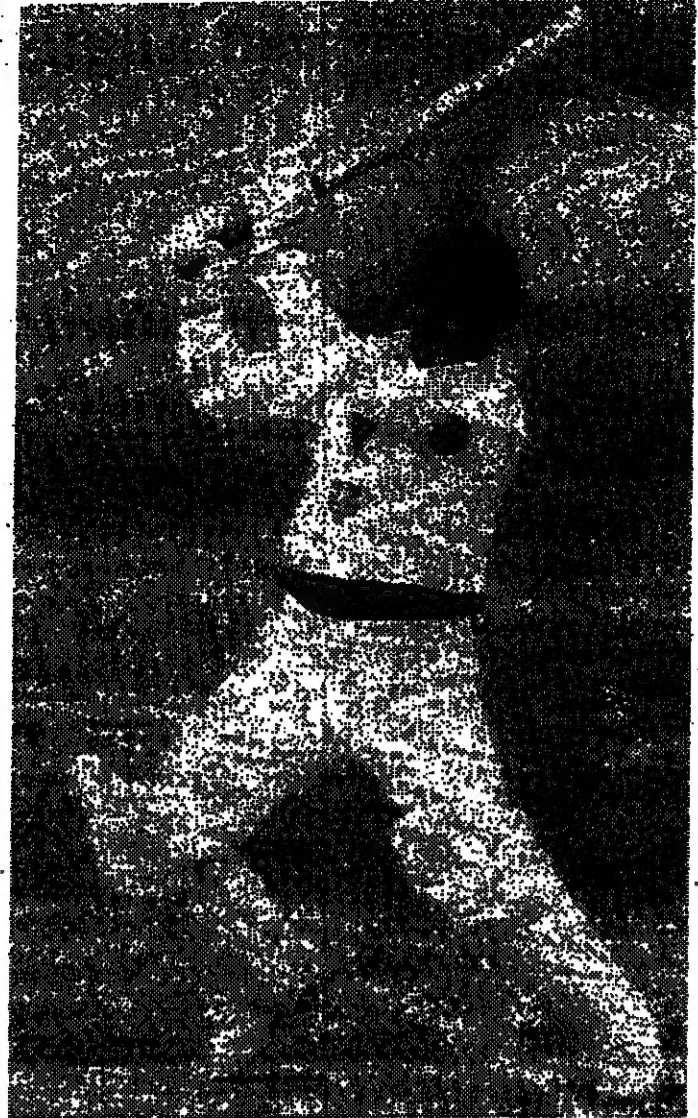
Australia will improve on this form. All things considered, they

did well enough to reach 210 for seven, especially after being 48 for three. Dyson went to the second ball of the day, leg before wicket, trying to hit Willis through the leg side. Chappell and Gooch were both run out, but Gooch was usually a Chappell (revealed as such by some accounts) through one of those undesired deflections off the bowler's hand. No one contributed more towards Australia's recovery than Boycott, who came in when Hughes was fourth out at 60 and hit his way to 44 and 86, and through the covers for four.

For the fifth wicket Border and Kent added 74, punishing Gooch and Willis immediately after lunch and making sure in a few overs that England's batsmen would be left with something to do. Kent was beginning to look a player of some class, he had scored only six in his first 11 overs—when he flicked Botham to short midwicket. With Marsh, Bright and Lawson all working a few, Australia showed less obvious signs than might have been expected of their shortage of batsmen. Last month they made fewer runs between them than Bradman took the chance to do. For his own part in the first hour and a half weeks of the 1930 season.

Although the conflict of the faster bowlers, Willis ran about the field with a bat for two or two and made a quick throw, on the turn off his own bowling, to run out Wood. Hampshire took the odd ball without it falling out of his gloves, though not the chance which Hughes gave him as soon as he came in. Gaining's accurate and Botham took a couple of wickets. Nothing that Botham did yesterday will have cost him his job.

For all but a few overs, England had nine men inside the 30-yard area. Except for those few overs in the early afternoon, the bowlers were not



Border: making sure that England had to work.

Gooch was splendid, all the bowling alike to him. Before yesterday, Chappell had bowled only one over on the tour. Not until yesterday did he find Gooch difficult to contain. At tea, England were 61 for no wicket after 17 overs. When Gooch went to his 50 with a huge pull for six into the grandstand off Bright, Lillie had only two of his 11 overs left. In the first of these, Gooch was well caught at slip and Gaining was left before. At 86 for two in the 27th over, England looked to

Brearley bat with the polish of an old table

By Alan Gibson
BASINGSTOKE: Hampshire, with all second innings wickets in hand, are 84 runs behind Middlesex.

The day's cricket, while we had of it, was dominated by Brearley, who scored a century, despite the chill and the herding bad light. Brearley has never been exactly an elegant batsman but he has become a polished one, if you take the distinction: rather like a Victorian mahogany table, of no intrinsic beauty but shining from many years of assiduous toil.

Middlesex began at 88 for two, 122 behind. Brearley and Selvey were Selvey, the night-watchman, did not get out until the score was 138, an irritating habit which will often cost Hampshire. Brearley came in and played a brisk innings while Brearley was content to hold the other end. Tomlin played some handsome strokes. So did Edmonds, who obviously came in with a commission to get a move on. The declaration came after 109 overs, Middlesex 111 on.

Hampshire were not dismayed to judge by the way Greenidge set about the bowling. His first over was edgy but he followed it with several masterful ones. But the rain settled in.

Tennis

Americans in Paris are danced off the court by Europeans

From Rex Bellamy
Tennis Correspondent
Paris, June 4

Sylvia Hanika, aged 21, will play Hana Mandlikova, 19, in the women's singles final of the French championships. Miss Hanika is the first German to advance as far since 1970 and Miss Mandlikova is the first Czechoslovak to do so since 1976. Today's match confirmed the seedings and the world rankings by showing the superiority of the American players.

The United States have been similarly disappointed in the men's singles. For the first time since 1972, they will not be represented in the semi-final round, though the seedings suggested that Jimmy Connors, John McEnroe and Gene Mayer would all be there. Tomorrow's pairings will be Bjorn Borg, Victor Pecci, and Ivan Lendl v Jose-Luis Clerc.

Today's most important results were Lendl's completion of a 6-4, 6-4, 7-5 win over McEnroe in the first round. Lendl, who has won five games at the cost of only four to finish the match. Later Lendl said that beating McEnroe was a matter of not losing his nerve. "I don't think I put out a good performance in one match in this

tournament—so I didn't deserve to win it." As critical a phase as any was Mrs Lloyd, who made the confident start, had four points for a 4-0 lead in the first set. The American, a quick, fluid, swinging player, had a match that painted pictures of her own in some of its brightest colours.

There was another contrast in playing methods. Miss Jaeger looked a frail, somewhat waif-like figure by comparison with the sturdy and strong German. As against Miss Navratilova in the previous round, Miss Hanika used a more aggressive style, coming in behind the baseline and using a high-bouncing top-spin drive and trying to put away the responses with volleys and overheads.

But by comparison with Miss Navratilova, Miss Jaeger was more tentative in her retrieving and her anticipation of the ball. Her anticipation of the ball, however, was not a liability. She had a reputation for being a very good player.

Hana was playing so well, hitting so many winners, that I thought maybe she was her own worst enemy. She has never really lived up to her potential but I think she will win it. I felt that my forehead let me down a little and I was not getting enough first service. She was killing my second serve. I kept handling it there, hoping she would have a lapse. But she was steady and she played me perfectly. She was jerking me around the court, side to side and up and down—the way she has always wanted to play me. She could be better than Evonne Cawley. She's stronger and has more power. She can hit top spin or slice. She's got all the shots."

This was a characteristically modest admission. Mrs Lloyd's own contribution to a match which demonstrated that, on distinguished occasions, women can play "teaching tennis", even on such a slow surface as European clay. These slim, smart, straight-backed players played a thrilling, fast-paced, and often surprising game, by super shot-making and a striking contrast in playing methods.

Miss Mandlikova was more aggressively adventurous in exploiting a wider range of shots without much margin for error, though it must be added that she could not win but for the patience and discipline with which she spared from the net. She has been something special—as examples, that fierce forehand or a drop shot, that even if it was not an outright winner, it left Mrs Lloyd positively vulnerable.

Clarke brings warmth to a cold day

By Richard Streeton
MANCHESTER: Lancashire, with eight second innings wickets in hand, lead Surrey by 90 runs.

Surrey's main batsman was unable to come to terms with the Lancashire fast bowlers yesterday and it was first Lintab, and then Clarke, who ensured that the follow-on was avoided. Clarke went on to his sixteenth century, made 79 in 13 overs and also took two wickets as Lancashire batted in the final half-hour.

Lord Clarke began his spectacular innings much of the play had been as cheerless as the weather. It was cold and overcast and a blustery wind blew from the east and rain threatened. Two stoppages for rain totalling 55 minutes in mid-afternoon, and it could have been no fun playing cricket. With rain threatening, the rate for much of the time below 15 an hour, there were moments when it was not all that enjoyable watching it.

Knight and Lynch were the only batsmen to make a contribution early on as Surrey laboured to reach 124 for six at tea from 60 overs. Knight, sometimes drove handsomely on the off side but he was never able to take control. He also survived a sharp chance to short leg when 35.

Lynch, after early uncertainties, looked more like himself when he

Left-arm spin of Childs pegs back leaders

John Childs of Gloucestershire produced a devastating spell of left-arm spin bowling to peg back the champions, Lancashire, at Trent Bridge.

Having lost the morning's start to a rampant Leamington, Lancashire's second innings was a disaster. The opening partnership of 100 between Leamington and Lancashire was a disaster. The opening partnership of 100 between Leamington and Lancashire was a disaster. The opening partnership of 100 between Leamington and Lancashire was a disaster.

His bowling came to Gloucestershire's rescue after the Notts opener Todd (56) and Robinson (60) had put on 163.

Procter clattered in with four for 45 as 10 wickets fell for the defeat of 23. But on a day of mixed fortunes, Notts struck back and had Gloucestershire in trouble on 72 for three—4-10—when Leamington struck a superb 157 in 262 minutes to put Nottinghamshire into a strong position against Warwickshire at Edgbaston.

Larkins obtained 26 four and two sixes during the course of two century partnerships. His

Worcester v Glamorgan

AT HERFORD
GLAMORGAN: Glamorgan, 204, lead Worcester, 100, in the first innings.

Glamorgan's first innings was a one-sided affair. Glamorgan's first innings was a one-sided affair. Glamorgan's first innings was a one-sided affair. Glamorgan's first innings was a one-sided affair.

Worcester's first innings was a one-sided affair. Worcester's first innings was a one-sided affair. Worcester's first innings was a one-sided affair. Worcester's first innings was a one-sided affair.

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Yorkshire's newest recruit steals Lever's thunder

By Keith Macklin
LEEDS: Yorkshire, with all second innings wickets intact, need 108 to avoid an innings defeat.

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Today's cricket

COUNTRY CHAMPIONSHIP (11.0 to 4.0)

MANCHESTER: Lancashire v Surrey. Lancashire, 100, lead Surrey, 100, in the first innings.

Warwickshire v Northants. Warwickshire, 100, lead Northants, 100, in the first innings.

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Bowls

Foreigners wiser at Worthing

By Gordon Allan
The fourth Kodak masters bowls tournament starts at Beach House, Worthing, today and ends on Sunday. Bill Moseley (South Africa) defends the title he won last year and the opposition includes David McGill (Scotland), who was runner-up, and David Bryant (England), the current world champion, who was third.

The other contestants are Doug Watson (South Africa), who won the world championship in 1976, Ken Williams (Australia), Peter Bellis (New Zealand), Gwyn Evans (Wales), and Joe Rogan (Ireland). The 21 youngest man on the team.

The overseas players have been finding out about the slower British greens in their matches for the last few days. The opposition includes David McGill (Scotland), who was runner-up, and David Bryant (England), the current world champion, who was third.

Athletics

World record holders join England

Sebastian Coe and Steve Ovett were both named yesterday in England's team for Sunday's athletics international against Ethiopia, Italy and Scotland, at Gateshead. Coe will run the 800 metres and Ovett the mile—three world record distances. In addition, Coe is in England's team for the 4 x 400 metres relay.

The announcement follows their victories in Wednesday night's international against Ethiopia, the United States and Belgium at Crystal Palace. Neither was originally named in the England side for Sunday's match.

Coe's inclusion at 800 metres suggests that conditions permitting, he could make an attempt on his own world record of one minute 42.4 seconds, established in Oslo two years ago. His opponent could include the Italian, Carlo Grippio, whose world indoor

800 metres record he broke at Coxford four months ago.

Allan Wells, the Olympic 100 metres champion, is in Scotland's side for Sunday's sprint relay. But David Thompson, who won the decathlon gold medal in Moscow is injured. Julian Gower, Barry Smith and Geoff Smith have been added to the Olympic 800 metres team which will be on Sunday. England's two representatives counting for match points are David Moorcroft and Nick Rose.

Coe again triumphed over adversity in the 300 metres victory at Crystal Palace on Wednesday night. Last summer, Coe overcame defeat in the Olympic 800 metres, and claimed the 1,500 metres title. This time, he had the shock of hearing that he was alleged to be at the centre of a 27-00 bet to run at a Paris invasion meeting.

Polo

Falcons clear another hurdle

By John Watson
The first round of the Rothmans Trophy, sponsored by Dunhill, was played yesterday at the top 22-goal handicap and Westcott Park, today, totalling 13, started the second round.

But the result was 14-3 in favour of the Falcons.

In the second match, the Falcons quickly ahead of 8-4 and finished with an 8-4 victory.

Quinn brought back by Ireland

Durban, June 4.—Ireland, seeking to end a run of five international defeats without a win, today recalled Mickey Quinn, who was sent to the centre of the defence, as one of the hardest regional sides in New Zealand, as the British Lions will testify, and if Scotland's defence is as strong as it was in the Irish camp, Quinn's return will be a boost to the Irish side.

The 26-year-old utility back teams up with McGrath behind the scrum. McGrath was his partner.

Quinn's return will be a boost to the Irish side.

Yachting

Loulaine the winner after inquiry

Quailo (D. Parr), also dismantled. Both stand-by yachts were compensated for fulfilling their obligation to others in possible danger by a suitable time allowance deducted from their elapsed times over the course. On corrected time, Loulaine was the winner of the race by about 10 minutes from Quailo. Lowson and B. Ferris, the provisional winner until the hearing, scored 11 improved her position to fifth place in Class III.

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Baseball

National League: New York Mets beat San Francisco Giants 5-4.

San Francisco Giants beat New York Mets 5-4. The game was a close one, with both teams showing strong pitching and batting. The Mets' pitcher, Tom Seaver, was the star of the game, pitching a complete game and allowing only four runs.

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Racing

Master Willie's ambitious plan

By Michael Phillips
Racing correspondent

Master Willie resented rich consolation for his lack of experience in the past few years when he won the Coronation Cup at Epsom yesterday to give his trainer, Henry Candy and jockey, Philip Waldron, their most important success to date. Now Master Willie may try to emulate Royal Palace and that horse's sire, Ballymore, the last two horses to win the Coronation Cup, the Epsom Stakes and the King George VI and Queen Elizabeth Diamond Stakes in the same season.

Coral's who sponsor the Epsom novelties, have opened an ante-post book on their race at Sandown and Master Willie is favourite at 3-1. You can get 5-1 with the same firm against his winning the Diamond Race at Ascot, which looks like being Sherpa's first big test against older horses and the race which will confirm for good and for all in the senior handicapper's mind that he is entitled to be rated in the superlative league.

For a short while yesterday Coral's were prepared to lay 5-2 against the hero of the Derby putting his seniors in their place at Ascot. In July, however, generosity lasted for only a short time and by the end of the day, sheer weight of money had forced them to revise their assessment and cut Sherpa's price to 7-4. But even that is generous when you realise that the other leading contenders in the bookmaking business are not prepared to offer even odds against Sherpa winning the Ascot spectacular.

In the circumstances I will be more than mildly surprised if Coral's offer of 7-4 lasts very long this morning. Although the race was held at a time when the 24 hours that had elapsed since the Derby, Master Willie's time was unimpaired and he was in the lead and made the rest of the running at a much more sensible gallop.

He must have been four lengths ahead of Prince Bee and Vielle halfway up the straight but by the time that he passed the winning post, Prince Bee had whiskered into second place, two lengths. But in all fairness to Master Willie not before Waldron had decided that he had the race sewn up and dropped his hands.

This was an encouraging performance from Prince Bee, who was having a very good season. He has matured and developed into a magnificent looking thoroughbred since last year but one look at him in the



Master Willie (right) winning the Coronation Cup from Prince Bee (centre) and Vielle

padding yesterday confirmed the feeling that the race would do him a power of good because at home he is a happy individual. In contrast Master Willie looked fit to run as if his life depended on the outcome. The Hardwicke Stakes on the fourth and last day of Royal Ascot, is the next race for Prince Bee's agent, and there he will encounter Master Willie's stable and galloping companion, Nicholas Bill.

Henbit, a stable and galloping companion of Prince Bee and of the hero of the Derby last year, is likely to run next in the Grand Prix de St Cloud, provided that he goes on pleasing me the way he has recently. To quote his trainer Dick Hern, who went on to say that there is still just a little more to be squeezed out of the horse.

And so to today's programme at Epsom, which is the least interesting of the four. Ballymore missed the big race yesterday especially

finish tail off yesterday, the big disappointment of the race was Mrs Penny, who was never at home and according to her rider, John Martin, completely unable to cope with the unique problems posed by Epsom's gradients and undulations. Her rider, Ian Balding did not conceal his disappointment afterwards because he was looking for a really good run from Mrs Penny to bolster his hopes of winning the Oaks tomorrow with her galloping companion Leap. Lively, but sorry that encouragement was not forthcoming.

Balding still intends taking Mrs Penny to Royal Ascot where she will either take Prince Bee on again in the Hardwicke Stakes or run in the Prince of Wales Stakes earlier in the meeting.

And so to today's programme at Epsom, which is the least interesting of the four. Ballymore missed the big race yesterday especially

to wait for the Northern Dancer Handicap Stakes. A win for this four-year-old on this particular day would be singularly appropriate simply because his owner is a Canadian and there is a Canadian flavour attached to all the races. Ballymore has won his last two races nicely enough yet I cannot help wondering whether even he will manage to beat Parth of Peace, who has also been on the cards for the Oaks.

Ridgfield, my selection for the Sun Life of Canada Stakes, has a good chance of winning again now that he is in the handicap. He was blindingly out of his depth in the Lingfield Derby Trial last year. Before that, Ridgfield had run well enough at Leicester, Kempton Park and Ascot.

American at Epsom lands a double

By Michael Seely

Apart from the Coronation Cup Stakes, which was the main event at Epsom yesterday, the American jockey landed a double by winning the Sean Graham Handicap Stakes and the Nightingale Stakes on the 11-4 favourite Seaford Time for Barry Hills.

Master Goff started at 7-1 in the market but the stewards held an inquiry into the three-year-old's conduct in the race. He showed earlier in the season. Master Goff had only finished second in the Epsom Handicap on April 25. The authorities accepted the trainer's explanation that Master Goff had been badly upset by the early stages on that occasion and that the gelding had improved considerably in the intervening five months.

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Stakes resulted in a victory for Cima, who was winning his fourth race from five starts this season for Jim Old. Royal Vulcan looked home and dry a furlong from home but Cima's late attack proved too strong. Old said that Cima would now go for either the King George VI or Churchill Stakes at Royal Ascot.

Walter Swinburn was fined £50 by the clerk of the scales, Charles Gregory the day before for weighing out in a light pair of boots in order to pass the scales at 8-2, to enable him to ride Ballymore in the Epsom Handicap. And after this Swinburn changed into a heavier and more comfortable pair of boots.

The fine was only imposed yesterday because the stewards considered that there was enough pressure on Swinburn, who was just about to ride Ballymore in the Epsom Handicap, to make it a trick of the trade with many jockeys have got away with in the past.

At Catterick Bridge today Gavin Pughard-Gordon could well provide the best bet of the day with Huppal in the Merrybent Stakes. Huppal and George Duffield should also make a fine team for when successful at Pontefract in the Western Feature mile championship (last year) and the form reads superior to that of his opponents today.

Also at Catterick I like the chance of Ring Moylan, who is surely adding to his reputation and making good use of a sports scholarship at Epsom. It may be significant that Colin Dalglish, the sole remaining Scot, is at Stirling University, also on a sports bursary.

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Carr plays on in the shadow of his father

By Peter Ryde

The Amateur golf championship, reduced at St Andrews to the single day of being split into two halves. In the first half there were no Americans, but an interesting, unexpected, quartet made it to the quarter-finals, headed by the irrepressible John Carr, who is playing in his first Amateur on a course he has never seen before. He is a fair reminder of his father, Joe, who yesterday kept a discreet distance, attending to duties as a selector. John adopts an aggressive crouch and produces touch shots telling us that golf flows strongly in the veins of another Carr.

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as good as they have ever been, finally took the lead when he won a four hole to three at the 18th and holed for a birdie. Davies, always ready to attack, bored his approach through the wind at the stick but it was too big and bounced on to the road out of bounds.

Debiele needed a four to come back in 34 and, in the afternoon against St Andrews, he was Tony Graham, an Australian and the one remaining seed, who emerged to dominate that part of the field. He is a fair reminder of his father, Joe, who yesterday kept a discreet distance, attending to duties as a selector. John adopts an aggressive crouch and produces touch shots telling us that golf flows strongly in the veins of another Carr.

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Epsom programme

TELEVISION (ITV): 2.35, 3.10 and 3.40 races
2.0 CANADA HOUSE HANDICAP (£3,830: 5f)

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161 100-0400 B



Theatre

London Fringe
One Man: Steven Berkoff's London Theatre Group was a victim of the recent Arts Council cuts. Returning to the London stage on his own, he promises a late-night entertainment with material from his favourite authors: Kafka, Edgar Allan Poe and Berkoff. He is always challenging. Performances this Friday and Saturday only.

Ashton's *Sinfonietta* (June 12). Ashton's two-act charmer, *The Two Pigeons*, is given at the other performances, preceded by either *Sinfonietta* (June 9, 13 mat) or *Brouillards* (June 10). (240 1066)

Sadler's Wells: A season of American dance starts on Monday with one of their great dancer-choreographers, Merce Cunningham, a veteran now but still active, and his company of first-rate dancers. The

Covent Garden: The Royal Opera is back home again after its month in Manchester and opens the last part of the season with a revival of Verdi's *Luca Miller*. Katia Ricciarelli again sings the title role, with Leo Nucci as her father. The newcomers include the veteran

Greek Tragedy on Film: The National Film Theatre offers a season of cinematic encounters with the classics. There are more than you might guess, including three versions of *Oedipus Rex* and five *Electras*, if you count a 1938 Greek short.

mysterious. Tarkovsky, though, is one of the cinema's outstanding visionaries. (Academy Two, 437 5129)

Tess: With extradition agreements inhibiting his entry to Britain, Roman Polanski made a virtue of necessity,

themselves, the Academy mixture as before. Abstract art not up to much, though they seem to be trying; elsewhere, cheery and colourful, with the usual famous Academicians doing (often finely) what made them famous in the first place. Certainly well up to standard. (Royal Academy: Piccadilly)

Radio

The Macmillan Encyclopaedia (Macmillan, £14.95): 1,376 pages, 1,500,000 words, 6,000 biographies of celebrated men

Hammerstein Hall, at 7.30 pm.
Frances Horowitz will read
translations of Brodsky's
work. (742 2251)

Cambridge Poetry Festival:
Fifth year of the only British
festival devoted solely to
poetry. It has always had an
international flavour, and the
evening readings provide a
platform for poets from other
countries as well as well-known
British poets. The rest of
the programme is organized
around performance and
reflection about modern poetry.
Starts next Tuesday in
Robinson College the

How Mitterrand views himself and the world

In his first interview since his election, the French President talks to James Reston

Reston: In some parts of the West at present, including the United States and Britain, there seems to be a political move to the right. In France you have seemed to move to the left. Is that a problem?

President: I don't believe this should present a problem. One cannot always agree on everything, at least not before discussing things. One must first define one's aims. If one's aim is to do all in one's power to safeguard peace, it requires being able to negotiate without jeopardizing one's strength, in the world balance of power, if one believes in the usefulness of the Atlantic alliance. If one believes, as I do, in the fundamental unity of our civilization, then we can perfectly well talk among ourselves even if the United States and Britain have conservative governments. And it is precisely among friends that one can say no.

Reston: It seems almost that whatever problem comes up, it is discussed in East-West terms, whereas your emphasis is on North-South dialogue. Is that a rather serious difference of approach?

President: My position on East-West relations is simple: the defence of peace requires a world balance of power—an obvious statement—and a sufficiently balanced situation in Europe. I shall therefore always be in favour of what is required to maintain such a balance. That is why I was the first political leader in France to protest against the installation of SS-20 missiles on the Russian-German border.

When I was running for the presidency, neither the Americans, nor the Russians nor the German Government were very much in my favour. Luckily the French people were of a different opinion.

Reston: You have come to power saying you wish to nationalize more of the French economy. Mr Reagan has come to power promising to do exactly the opposite, to emphasize free enterprise. Is that a problem?

President: Mr Reagan's election

correspond to a basic need felt by the American people to regain pride in themselves and to be more assured of their country's worldwide prestige. There was also the need to combat inflation and unemployment.

In France, people felt in the same way the need for leaders who were closer to them, to their worries, to their problems. In that, the two countries are similar, not dissimilar.

I am not planning to collectivize the French economy. I merely wish to restore to national ownership what belongs to the nation, nothing more. I do not see how this could be a difficulty between Mr Reagan and myself.

At present the share of French production which is nationalized following De Gaulle's action is 12 per cent. My proposals would increase that percentage to 17. General De Gaulle nationalized the civil aircraft industry but not the military aircraft industry. Is that logical?

Reston: From my reading of what you have said in the past about the Israeli-Arab conflict, you seem to have taken a more sympathetic position toward Israel, and yet, as I understand what you have also said, you do favour a Palestinian state in east Jordan. Can those two ideas be reconciled?

President: I have constantly expressed the same position at all times. In Algiers, alongside President Boumedienne, speaking live on television, I said to the Algerians that nothing would be possible before they recognized Israel's right to exist.

I said the same thing in Cairo, to Sadat, long before the peace treaty. And I have always told my friends in Jerusalem and Tel Aviv that they should recognize that the Palestinians should have a homeland. I am a friend of Israel, and I shall do nothing to endanger Israel's existence nor the means to exist, but I do not think that it is realistic to pretend that the Palestinian problem does not exist.

I know what their objection



President Mitterrand: people in the West must strengthen their faith in their civilization.

as they say they do not want an additional state in the Middle East. They would be prepared to envisage a Jordan-Palestinian solution as before the Six-Day War when the West Bank was called Transjordan. I am not telling them what they should do, because I am in favour of bilateral negotiations between opponents. I am simply saying that it is normal that the Palestinians should have a homeland where they will build,

as they please, the structures of a state.

I remain the friend of the Israeli leaders because I have always been very frank with them and they know that I would not pursue policies which would harm them.

I was the only leader of a major political party in France to have come out publicly in support of the Camp David agreements.

Reston: Are we getting into

trouble with one another over

President: The rejection of

apartheid is important, not

only on moral grounds, but also

on political grounds. I have a

fairly good knowledge of black

Africa, with which I have had

numerous contacts throughout

my political career. It would

be unwise to encourage prac-

tices, such as apartheid, that

are liable to cause serious

problems for the continent. I

would be against all racism.

One has to accept the pre-

eminence of great universal

principles or abandon any hope

of making progress in world

society.

Reston: Is religion a part of

this philosophy that you are

talking about, that you feel

essential to your secular work-

ing approach to society?

President: I come from a very

religious family. My mother had

eight children. She went to

Mass at 6 each morning. She

kept a diary when she was

young, and I still have it. Her

family was middle-class, fairly

well off. She got up every morn-

ing at 5 and spent three hours

a day in meditation. She was a

friend of Francois Mauriac in

her youth. When I became a

student she sent me to see him

and he became my friend. And

despite political differences we

remained friends until his

death.

We come from the same part

of France. We have the same

landscapes in the mind's eye.

We have certainly something

religious in common—or rather,

a feeling of transcendence.

Reston: In your inaugural

statement you issued what I

thought was a kind of cry for

great peace, almost as if you

felt there was a danger of

pejorative in Europe and in the

West. Was that what was in

your mind?

President: Without being a

pejorative, what I do feel is the

European communist countries

there is no guiding thought.

We are in a mechanized system

in which thinking has become

stereotyped, and in which

people have not fully assim-

ilated in their minds and in

their hearts the new power of

the information media.

Also, because of the economic

crisis, most leaders tend to

take a technocratic approach,

as if life could be reduced to

mere statistics.

I am not saying that I will

be the one who will contribute

approach, another

the need in the West at any

rate, for people to strengthen

their faith in their civilization.

In many fields, such as the

confrontation between the

great powers, no real progress

has been made on disarmament

or genuine collective security.

This does not make me

pejorative, but it does lead me

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Business contacts

Derek Harris, Commercial Editor, discusses some of the nearly 100 forms of financial aid available

Small firms overlook chances of help

Central government services and other national ones of potential benefit to businessmen, together with those offered at local and regional level, are myriad. There are nearly 100 different forms of purely financial aid to industry available through government departments or the EEC.

It is hardly surprising that many companies, particularly the smaller ones, overlook chances of help, either financial or operational. Part of the problem is that so many services are comparatively little known. There are exceptions, among them the bank-backed Industrial and Commercial Finance Corporation (ICFC), the many services of the British Overseas Trade Board (BOTB) and the Department of Industry's Small Firms Service. With publicity, inquiries have been soaring.

The BOTB's general export services branch was in touch with more than 10,000 companies last year, a third more than in 1979, and the Small Firms Service has been reporting a 60 per cent increase in the demand for its advice and counselling services so far this year compared with the same period of 1980. It demonstrates how big is the pent-up demand for help.

Next to the local clearing bank the small businessman in search of capital probably thinks next of ICFC, which specializes in loans from £5,000 to £2m. But there are many other sources of financial aid in the public sector ranging from the Council for Small Industries in Rural Areas (CoSIRA) and the National Research Development Corporation (NRDC) to the government factories scheme operated by the English Industrial Estates Corporation and aid in particular sectors such as that dispensed by the tourist boards.

Money for Business, an excellent guide prepared by the Bank of England and the City Communications Centre, lists scores of sources of capital from insurance companies, leasing companies and factors, as well as banks, with more than 30 possibilities in the public sector alone from development boards and the new towns, to little-known aids by way of the British Steel Corporation and British Rail.

There is about £750m in government money which a businessman might be able to lay claim to in the various forms of industrial aids and incentives, according to another guide, *Industrial Aids in Britain 1981*, out last month from Strathclyde University. The great number and variety of aids make it hard for companies eligible for government help to know what they can claim, as this guide — an equally excellent one — points out.

It is the first time that so much information has been made available between a single set of covers on all the various forms of aid, which extend from employment grants to capital grants, from low-interest loans to equity finance, from training aids to tax concessions, from factory provision to rent concessions. It is the more comprehensive of the two guides although the Bank of England's more specialized survey is a useful complement.

For the exporter the BOTB's services are extensive. It runs an export intelligence service, a market research scheme, gives advice on individual overseas markets and recently has been involved in a market entry guarantee scheme to help smaller manufacturers to deal with the financial risks and problems of developing new export markets. Its joint venture scheme comprises overseas trade exhibitions and similar promotions and there is also help for trade missions going abroad. It can advise on tariff and non-tariff barriers overseas.

Among aid schemes operated by the Department of Trade is the Overseas Projects Fund under which pre-contract expenses are met, while large-scale overseas contracts are being pursued, the aid being repayable only when a contract is won. The Export Credits Guarantee Department not only offers blanket insurance cover for exporters but various specialist services including

cover against cost escalations during a contract period, guarantees on bank financing and cover for investment made in an overseas company. Many trade associations can also offer advice on exporting; so do some local chambers of commerce.

Worth trying for other industrial information and advice are the industrial development offices which many local authorities now have. Where there is an industrial development officer he can often be especially helpful in speeding what might otherwise easily be protracted dealings with various local authority departments. Various regional development agencies can offer advice on a broader geographical front, as can regional suppliers or possible business contacts.

For the small businessman in pursuit of help and advice, whether it is on starting a business or dealing with subsequent operational problems, probably the best first step is to try one of the Department of Industry's 11 regional centres in its Small Firms Service. They are primed to deal with most types of business inquiry from finance and diversification to marketing, industrial training and corporate planning.

There is a counselling service which operates regionally, with 130 or so counsellors — all experienced businessmen — with a range of special skills including accountancy, marketing and production.

The Small Firms Service has produced a number of helpful booklets covering subjects like bookkeeping, management accounting, the impact of microprocessors on small business starting to export, and tendering for government contracts. The Department of Industry has also just produced some other pamphlets, one on how to find business premises and another on employing and managing staff, both covering the many practical problems involved.

Another look at how tax incentives can help, with an indication of what small companies can expect from the Chancellor's latest proposals for a business start-up scheme (aimed at encouraging investors to put money into small companies) and for a loan guarantee scheme that should encourage banks to lend more readily to small businesses.

The British Institute of Management also runs an advisory service for small businesses. A counselling service is also operated by the Institute of Marketing. Apart from CoSIRA, there are other development boards in rural areas which tend to deal primarily with small businesses, and include the Highlands and Islands Development Board and the Rural Wales Development Board.

Confidential help for companies with problems or inquiries involving the EEC and its member countries is offered by the Department of Industry's EEC Information Unit. *British Business*, published weekly by the Department, regularly includes a selection of answers to EEC oriented questions when they are not specific to a particular company as well as being a source of other information useful to companies.

The EEC Information Unit has a useful booklet *EEC — Your Questions Answered* and there is a three-part guide (covering how the Community works, knowing the market and how to keep in touch) for which there is a small charge, the rest of the unit's service information being free.

The Brussels-based Business Cooperation Centre, set up by the European Commission, offers a free service in setting up joint business ventures involving companies in different countries of the community.

The centre can also help with information on company law in all parts of the Community and on EEC provisions affecting cooperative business ventures.

There are more than 25 different forms of aid available from various EEC organizations, all identified in the Strathclyde guide. They range from help on uranium, prospecting and aid on energy saving to various research schemes of the European Regional Development Fund and European Social Fund aid for schemes such as training and retraining after redundancy.

Money for Business, Bank of England and City Communications Centre; copies from Bulletin Group, Economics Division, Bank of England, Threadneedle Street, London EC2R 8AH (2).

Industrial Aids in Britain 1981: A Businessman's Guide by Gera Walker and Kevin Allen, copies from Centre for Study of Public Policy, University of Strathclyde, Glasgow G1 1RN (2.95 paperback, £11.95 hardback).



Illustration: Peter Brookes

Have you joined the revolution?

The information revolution, whose widespread and ultimately far-reaching implications for industrialized society have yet to be fully realized by the mass of people, is having one of its most remarkable effects in the world of industry and commerce.

Much of the success of any business enterprise is dependent upon the need to communicate data quickly and effectively from seller to buyer, office to office, company to company, country to country. And already there are the means available for the exchange of information on a scale undreamt of a couple of decades ago.

So far, only the first rumblings of the revolution have been heard, but does organization of its type in today's business decision-making fully appreciate the range of hardware and machine to the most advanced computer data transmission system, British Telecom, now split from the Post Office, says it is updating its equipment which will be of particular value to its two million small business and public national network designed and equipped specifically for the exchange of information.

British Telecom claims to offer a wider range of products for the business user than any other public organization of its type in the world, from the humble answering telephone circuits, a conference service which links individuals or groups in different cities by sound and vision, and the Prestel public viewdata service.

Perhaps the most advanced of British Telecom's new services is PSS, the first public national network designed and equipped specifically for the exchange of information.

continued on page 111

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Are you eligible for loans and grants under the Inner Urban Areas Act 1978? We've got the answers.

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With more than a little help from the London Industrial Centre.

LONDON INDUSTRIAL CENTRE

WE'LL HELP YOU MAKE MORE OF YOUR CAPITAL.

The questions to ask on the way to the bank

Borrowing has become so fashionable that it is well to remember that many British companies survive and some even prosper without incurring debts on anything but a transitory basis. They do so by relying on personal capital, or by investment by members of the owner's family, and in time by generating surplus cash to put back into the business.

Such prudence is frowned on by those who treat money as a commodity — so much stock to be disposed of — and talk of cash-flow as they would of the philosopher's stone. But when cash ceases to flow, or is diverted to competitors, the business is left with nothing coming in and everything going out.

So the first thing a businessman should ask himself on the way to the bank is whether he has expected to have a loan. The second is whether the advantages of having more money will outweigh the problems of leaving with nothing coming in and everything going out.

Pessimism prevails about the other Budget investment ideas — tax relief for those willing to risk money in new enterprises. At present this seems to be so hedged about with restrictions to prevent the scheme being used for tax avoidance that only a really skilled tax avoider

could take advantage of it without breaking the law. There is a wealth of literature on raising money — my own favourite is entitled *Debt Collection Letters in Ten Languages* — but if you wish to go to the fountainhead, the Bulletin Group of the Bank of England has produced *Money for Business* at £2. In a foreword to the booklet, Sir Gordon Richardson, Governor of the Bank, says: "Funds are almost always available for good projects, large or small, but owners and managers may often not be aware of the full range of sources of funds, nor of the means of access to them."

Although it includes extensive lists of providers and arrangements of finance, the booklet suggests that each business should seek a trusted financial adviser for its particular problem. Some of the professional bodies concerned will be found in the list accompanying this article.

However, trusted the advice, the prospective borrower should take time to read the small print and ask questions before signing. Apart from the familiar ground of overdrafts, trade credit, factoring, invoice discounting, mortgages, sale and leaseback, and other

devices, *Money for Business* reveals lesser-known sources. Some insurance companies now consider requests for long-term finance, and so do pension funds.

One curiosity that deserves to be better known is a provision of the Railways Act 1974. Discretionary cash grants are available to any business that contemplates sending freight by rail instead of road, and is willing to invest in special handling gear and premises.

Government grants and loans can be obtained for certain purposes or in areas with special status, but these are best considered in relation to development agencies.

Regional aid is also provided, in loan form, by the European Investment Bank. This has been extended to small firms in assisted areas which require £15,000 to £50,000 for capital expenditure.

Launching this scheme, which requires payment of fixed interest at 14 per cent, Mr John MacGregor, the minister concerned, described it as "cheap long-term loan money".

Perhaps we should not be too professional in the quest for finance, but should be alert for the unexpected solution. As I was writing this article a letter from a mail order concern arrived

Do exhibitions give real returns?

Some companies, particularly large ones, have been convinced for a long time of the value of trade exhibitions and conferences. About £500m a year is spent on conferences in Britain; a substantial slice oriented towards promotion of trading. There are up to 1,000 trade exhibitions up and down Britain every year, while abroad the British Overseas Trade Board alone was involved last year in helping to produce nearly 300 exhibitions. For British industry and commerce, apart from another 200 or so trade missions.

Some industries are heavily dependent on exhibitions: the clothing fashion industry is a specialist case but toy selling revolves, for small as well as large manufacturers, around a handful of exhibitions in Britain and abroad where in the first couple of months of the year retailers and wholesalers make their basic decisions about ordering for the Christmas trade.

So-called brown goods — radios, television sets, audio equipment and some smaller electrical appliances — are another sector where the variety of items on offer is best displayed at an exhibition.

Like the toy industry before it, brown goods manufacturers next year graduate from trade shows spread around a number of hotels, in London to integrated exhibition at Earls Court. The toy makers, as well as going to Harrogate to cater for northern buyers, until a couple of years ago spread themselves around Brighton's hotels for their main annual toy fair. Since then integrated exhibitions, proving far more efficient for both manufacturer and customer, have been held in big exhibition centres such as those in Birmingham and London.

But in sectors less committed to the big central exhibitions it is not so easy for, say, the sales manager of a medium-sized company to decide to spend probably several thousand pounds taking the exhibition route to sales. Exhibition organizers know the problem well and find it hard not to suspect that in the heart of every underconstrive Briton there is some distrust of events — that necessarily involve a touch of showmanship.

How much is being spent for real returns? That inevitably depends on the nature of the exhibition. The answer may be affirmatively merely underlines the flamboyance characteristic of any successful big exhibition. Unfortunately British manufacturers are still learning to be hard-nosed, brash salesmen. An exhibition does uniquely put together in one place and in the space of a day or two a wide spread of buyers and buyers who could otherwise spend far more time, and incur more travelling cost, getting in touch over sample sales.

That does not mean that any sales marketing director should plunge into exhibitions uncritically. Without careful planning the cost can be exorbitant. The records of an exhibition of the centre to be used deserve careful scrutiny. Olympia and Earls Court, London's principal exhibition centres, allowed their standard of amenities decline until competition from the National Exhibition Centre, jolted them into heavy investment to compete with Birmingham. Since then some of the big exhibitions have returned to London.

Where industries are particularly oriented towards

Contacts:
National Enterprise Board
12-18 Grosvenor Gardens
London SW1W 0DW
Tel: 01-730 9600

Business Finance
Information
c/o British Insurance
Association
Alderman House
10-15 Queen Street
London EC4N 3TU
Tel: 01-248 4477

The National Association of
Fension Funds
Sunley House

Bedford Park
Croydon CR0 0XS
Tel: 01-681 2012

The Stock Exchange
The Quotations Department
Old Broad Street
London EC2N 1HP
Tel: 01-588 2355

Association of Certified
Accountants
29 Lincoln's Inn Fields
London WC2A 3EE
Tel: 01-242 6855

Corporation of Mortgage,
Finance and Life Assurance
Brokers

88 Victoria Road
Aldershot GU11 1SS
Tel: 0252 315681

Institute of Chartered
Accountants in England and
Wales
PO Box 433
Chartered Accountants' Hall
Moorgate Street
London EC2P 2BJ
Tel: 01-628 7060

The Institute of Cost and
Management Accountants
63 Portland Place
London W1A 4AB
Tel: 01-637 2311

Promotion has an enhanced position

The attitude of the business world towards promotion has changed dramatically during the past decade. In the recession of 1973 and 1974, manufacturers after manufacturers looked at their promotion budgets and decided that they were useful during good times but luxuries when the going was bad.

Advertising revenues fell, public relations activity was reduced, and when the recession was over, it was plain that the result was that sales had also been sent spiralling downwards.

It is for this reason that promotion today holds a much enhanced position in most companies' list of priorities. Advertising has shown that it works; during the 1979 commercial television strike the sales of a number of brand goods actually fell during the period they were unable to advertise on national television.

For any new or expanding company the fight to make

potential buyers aware of its product is as important as making the right goods or producing the right service at the right price. But how does a manufacturer go about choosing the agencies which will help him to promote his product? As far as advertising is concerned, the initial steps are simple.

There are about 750 advertising agencies in Britain. Between 85 and 90 per cent of all British advertising, placed by agencies in newspapers, magazines, television, radio and posters, some £1,700m last year, is placed by the 312 members of the Institute of Practitioners in Advertising.

The IPA represents the collective views of its member agencies in discussions and negotiations with government departments and industry groups, and is a good starting point for anyone looking for an advertising agency.

It offers a free confidential

service to advertisers who, after discussing their needs with the IPA, will be given a short list of suitable agencies, picked because of their special knowledge of the advertiser's product area or individual needs.

Two IPA publications should be read by advertisers before they make a decision on which agency to choose. *What advertising does*, which is free, is a brief introduction to the subject which discusses advertising's role in the marketing complex, costs, client-agency partnerships, and what can be achieved from a campaign.

Some suggested provisions for use by agency-client agreements (IS) is a checklist of the details which are likely to be found in the first agreement between an agency and its client.

A new book, *Advertising works* (Holt, Rinehart and Winston, £10), is a good introduction for anyone who wants to understand the

creation of an advertising campaign and the measurement of how successful it has been. The book consists of papers produced for the IPA's 1980 Advertising Effectiveness Awards and details how clients and agencies discussed their needs, formulated an advertising strategy, and, in some cases, produced quite spectacular sales results.

The product areas vary from new and established products, to direct response and industrial and financial campaigns, so most interests are covered.

But when the short list arrives, how does one pick the right agency? According to Mr David Wheeler, the IPA's director, the ideal relationship is one where the agency is treated as a partner, where the people working on the account are in tune with the client's objectives and understand the problems of his market.

When a short list of three

or four agencies is decided, the manufacturer might commission, for a nominal fee, presentations on a competitive basis. Advertising agencies which belong to the IPA have to be full service; they have to be able to offer a full range of services to meet advertisers' requirements, from market research and media planning to creating campaigns and design work.

Advertising agencies often have an accompanying public relations organization. Anyone looking for a public relations consultancy could also contact the Public Relations Consultants Association (PRCA) which believes it represents about 75 per cent of the country's agencies. The PRCA publishes a yearbook, price £12, which lists members and the accounts they have held for more than three years and includes a number of editorial articles about what to consider when choosing a PR consultant.

Like the IPA, the PRCA is willing to discuss clients' requirements confidentially and recommend a short list of suitable consultancies. Whether you choose a PR through your advertising agency or go outside, it is important that all the different areas of a promotion campaign are in contact with each other, and that the message they are trying to put across is a coordinated one.

David Hewson

Contacts:
Institute of Practitioners in Advertising
44 Belgrave Square,
London SW1
Tel: 01-583 7020

Public Relations Consultants' Association
37 Cadogan Street,
Sloane Street,
London SW3 2PR
Tel: 01-581 3951

Contacts:
Exhibitions
Exhibition Bulletin
(monthly): London Bureau,
266-272 Kirkcaldy, Sydenham,
London SE26 4RZ; by annual
subscription £17 (overseas
£20)

Exhibition organizers:
Lists and advice from Association
of Exhibition Organizers,
17 Garside Street, High
Wycombe, Bucks, HP13 6RU

Conferences:
No central listing but Association
of Conference Executives
(ACE) publishes a guide
which not only lists organizers
but includes many local
subsidies with conference
involvement. This latter could
supply details of conference
programmes in their area.

Conference organizers:
Buyers' Guide: Association
of Conference Executives,
72 Ermine Street, Huntingdon,
PE18 6EZ; £5

Services for conferences and
exhibitions (displays, audio
visual, promotional props,
furniture):
London Bureau's Exhibition
Bulletin (see above)
ACE Buyers' Guide (see
above)
Overseas exhibitions and
promotions:
British Overseas Trade
Board Publicity Unit,
1 Victoria Street, London
SW1H 0ET
Hotels with exhibition and
conference facilities:
Extensive list from British
Association of Conference
Towns, International House,
20 Dudley Road, Tunbridge
Wells, Kent (about £7.50)
The British Tourist Authority
produces a guide to
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Britain: *International Conference
Calendar 1981-83*, BTA,
64 St James's Street, London
SW1A 1NF (£2)
The London Convention
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All people at work — whether they are employers, employees or self-employed, manufacturers, suppliers, designers and importers of materials, or people in control of premises — have legal responsibilities under the Health and Safety at Work Act that came into force six years ago. In practice, the onus for these regulations falls mainly on the employer.

So another part of the modern businessman's skill is obviously to be acquainted with the sort of activities that are covered by the health and safety provisions. At the barest minimum, a pamphlet called *A guide to the Health and Safety at Work Act* should be on that vital reference shelf which ought to be regarded as necessary to a business venture as the insurance policies for fire, damage and third party risk.

At a first glance, the laws on health and safety may appear to be appropriate for large industrial and commercial enterprises, probably with a safety committee of management and trade union representatives. This is far from reality. But the true position is apparent only by examining how the bureaucracy which supervises this service, the Health and Safety Executive, is organized.

When the legislation was reformed to create the executive, a number of organizations that were scattered through government departments were brought under one wing. They are the safety inspectorates called agriculture, alkali and clean air, explosives, factory, mines and quarries, and nuclear installations.

The best way of demonstrating how one of these inspectorates might have an influence on a small enterprise is to give an example. A typical situation would be the issuing of an improvement notice to a small specialist engineering workshop by a factory inspector.

The reasons given on the document might say that the direct gas-fired evaporator in the paint shop is not fitted with suitable explosion reliefs. An appeal can be lodged to an industrial tribunal. Failure to make recommended safety changes makes a company or individual liable to a £1,000 fine for this particular offence and a further sum of up to £100 a day if an offence continues.

Similarly, a prohibition notice issued by the Agriculture Inspectorate to a farmer might specify the dangers to employees of electrical equipment.

The law requires employers to prepare a written statement on safety policies in any undertaking employing more than five people. And the regulations specify clearly the difference between an "undertaking" and an "establishment".

A businessman operating a number of small establishments, such as retail shops, each employing less than

five people, is liable to prepare a policy statement. It might be interesting to discover how many organizations employing more than 500 people have such a statement.

Moreover, the obligations of the employer extend beyond his own workforce to cover outside contractors, workers employed by them and to members of the public, whether within or outside the workplace, who may be affected by the activities of the business.

This sort of things covered by the last group, for example, to risks to the public outside the premises from fire or explosion, from falls of unsafe erected scaffolding or from the release of harmful substances into the atmosphere.

This is only the merest outline of the topics covered under the health and safety laws which deal individually with all the categories of industry, specific health problems, and items such as the notification of new substances, regulations, noise, packaging and labelling of dangerous materials, and conveyance by road.

A guide to the Health and Safety at Work Act, from the Stationery Office, £2.75. The headquarters of the Health and Safety Executive is: 1/13 Chepstow Place, London W2 4TF. Tel: 01-229 3456.

Pearce Wright
Science Editor

The agencies that matchmake for areas and industries

The really thorough office armed with the local variant of inducements to a number of initiatives aimed at stimulating new investment — some would say too many, and would welcome stability in the incentive scene. The most spectacular should be in operation in a few weeks.

Average weekly earnings are highest in the south-east of England and lowest in the south-west, according to figures issued by the Chartered Institute of Public Finance and Accountancy. But studies undertaken by the Cambridge Department of Applied Economics show that earnings of manual workers in the regions of the United Kingdom are converging, so that savings in

labour costs by moving may eventually disappear.

In this respect Scotland has roughly drawn level with England. Apart from North Sea oil, wage rates have been influenced by the multinational companies which have moved into Scottish manufacturing. There may be other considerations for the businessman, such as the productivity and skills of the available labour and the rate of turnover in staff.

Scotland, Wales and Northern Ireland all have their own development agencies. If British industry was growing as fast as the agencies and pressure groups intent on helping it,

the boom would be upon us. Some rationalisation seems necessary to replace the present rivalry between regions and even neighbouring towns. Unhappily, if a coordinating body were introduced, it might mean further procrastination in deciding on applications.

An official of the Economic Development Corporation of the West German state of North Rhine-Westphalia told me recently that he has 150 different packages to offer businessmen setting up there. We British have not reached that stage yet, but we will.

P.O.L.

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Have you joined the revolution?

continued from page 1

two, is installed in 80 offices in London and Scotland. Using the latest in microprocessor technology, the central switching equipment is housed in a box no bigger than a filing cabinet and the operator's console has touch-sensitive keys, an alpha-numeric display and numerous memory-controlled functions.

In addition, British Telecom is to start next year a high-speed desk-to-desk message service. Users will be able to type letters, internal memorandums and other messages into terminals, then relay the correspondence directly to the

recipient over the telephone network.

Away from the wonders of the microchip, the Post Office itself offers a number of special services for businessmen, including Datapost, by which urgent packages of up to 1kg are delivered throughout Britain overnight, and Intelpost, the public facsimile transmission service linking 18 towns and cities in Britain and connecting with certain towns in Canada, the United States and Holland.

For an extra £1.25, letters and packets can be delivered anywhere in the world by Swiftair, and normally arrive at least one day in advance of normal air mail. In London and 27 important provincial towns the Post Office has introduced Expresspost, which offers rapid collection and delivery service by messenger for letters and packages. To compete with the growing number of private delivery services, the Post Office has just brought into operation a fleet of radio-controlled motor cycles.

Other Post Office services include the Business Keypost and Freepost, a redirection service for direct response advertisers using television, press, radio or direct mail, and various discount and incentive schemes.

Businessmen should be aware, for example, that a mailing of 5,000 second-class letters qualifies for a 15 per cent discount rising to 20 per cent for a million or more.

For the really urgent delivery of small parcels, needed by the recipient perhaps within a few hours, Rail's Red Star package service should not be forgotten. The scheme, which earns British Rail £32m a year, is based upon parcels being sent to and collected from 900 principal railway stations and the parcels are transported on inter-city passenger trains.

A 5kg parcel sent from Oxford to London costs £3.50 exclusive of VAT and at the owner's risk. On the same basis, two parcels of 5kg and 10kg travelling from Carlisle to London cost £8.85.

Edward Townsend

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Hire — and get a new lease of life

In the past few years British companies have turned in leasing, rather than purchasing, their equipment. High inflation, uncertainty about demand and, above all, dwindling profits have contributed to the spectacular growth of this method of financing the acquisition of equipment.

The drop in profits has played a part in two ways. Companies are unable to generate enough funds to finance investment themselves and in consequence are also unable to take up the tax allowances on capital expenditure. So they are prepared to pass these on to a leasing company. Another important factor in the switch to leasing has been the rapid advance of technological knowledge, which has resulted in equipment becoming obsolete long before the end of its operational life.

Expenditure on rented assets has increased more than fivefold since 1976. The Equipment Leasing Association, whose members' figures are regarded as a reliable barometer to overall trends, reports a rise from £42m in 1976 to £2,383m in 1980. In volume terms, after adjustment for inflation, increases of 30 per cent or more have been recorded in each of the past four years.

Leasing now accounts for nearly a third of all externally funded investment and more than 12 per cent of total investment in plant and machinery in Britain.

The importance which it has now assumed in national economic terms was acknowledged by Sir Geoffrey Howe, the Chancellor of the Exchequer, in his Budget speech last year, when he

said: "Leasing finance of this sort has become an important — in many cases an essential — source of finance for investment in manufacturing industry."

It is now possible to hire anything from an oil rig or a refining plant costing several million pounds to a typewriter costing a few hundred. Lessees range from central and local government departments to the smallest of private companies.

The multi-million projects are known as "big ticket" transactions in the trade. One of the largest was the acquisition by Lloyds Leasing in 1976, at a cost of more than £20m, of a semi-submersible oil-drilling unit, the Sedco 707, for leasing to a leading oil company. Another was the leasing by Omnium Leasing Company of a £70m catalytic cracking unit to the Lindsey Oil Refinery, Humberside, in 1977. A third such project was the leasing of two liquefied petroleum gas carriers at a cost of about £70m by a consortium of British banks. The carriers were to be built for Shell at the Harland and Wolff shipyard in Belfast. Leyland had secured the State for Northern Ireland to Parliament in April 1977.

Leasing is not new. In its definitive book on the subject, "Mr Tom Clark, former chairman of the Equipment Leasing Association, says that the Sumerians rented goods before 2000 BC. The system was also used extensively by the railway and shipping industries in Britain before the Bell Telephone Company began to rent out telephones in the United States in 1877.

Modern leasing processes,

however, originated in the United States in the 1950s and 1960s, when the development of computers was an important growth factor.

There is almost no office product which cannot be rented and in the motor industry various arrangements have long been commonplace. According to one estimate, about a quarter of all new cars sold in Britain are now leased. Short-term hiring is provided by companies such as Avis, Hertz, Budget and Europcar. The latter is used for fleets of vehicles. In some contract-hire agreements, the hire company is responsible for repairs, maintenance and replacement; in others, the user is responsible.

Until June 1977, when hiring controls on cars leased to businesses were abolished, the most common arrangement for motor vehicles was contract hire. This abolition, together with confirmation by the Inland Revenue that leasing companies were entitled to a 100 per cent first year tax allowance on leased cars, caused a sharp increase in leasing. By September that year, British Leyland had cleared agreements to set up sales-aid leasing arrangements. The chief car hire firms also extended their business in this direction.

Some former contract-hire customers regretted the change once the time came to renew their fleets. There are reports of unwary lessees having to pay substantial sums to the banks to clear agreements signed a few years earlier which were based on over optimistic assessments of residual values. This problem would

probably not have arisen under a contract lease, where the risk is usually wholly absorbed by the leasing company.

With the growth of leasing, finance houses, banks and other City institutions came in. The Association's Leasing Association was formed. One of its main aims is "to promote honourable practice". The Association's members concentrate primarily on providing large scale finance and do not claim to have specialist knowledge in any particular area. Overall, it is estimated that there are about 200 companies which provide financial leasing facilities of more than £500,000 a year. There are also companies that provide facilities as an aid to sales, the contract and plant-hire operators and others who do not provide a comprehensive financial service.

Leasing companies have found themselves owners of a surprisingly wide variety of equipment. Several, for instance, are the technical owners of dustcarts leased by London boroughs. In 1975, Chesham District Council installed 2,000 new lamp-posts which it acquired through a financial lease.

Lease brokers are another comparatively new intermediary. The first into this field, according to Mr Clark, was Saturn Management, a subsidiary of M. W. Marshall Investments which began lease broking in 1974. Mr Clark estimates that by the end of 1977 there were more than 50 lease brokers, mainly independent groups of individuals but a few of whom were subsidiaries of money lenders and other City institutions.

Financial lease contracts are normally tailor-made to suit individual requirements; however five main characteristics are among those identified by the association. 1. The equipment is chosen by the lessee or user not the lessor. The lessor does not take any responsibility for its suitability or condition. 2. The lessor retains ownership of the equipment. The user, unlike a hire-purchaser, has no right or opportunity at the time of leasing to acquire title to the equipment at some future date. 3. Provided the lessee pays his rent and complies with the other terms of the lease he has exclusive right to use the equipment during the whole period of the lease. Unless a variation is specifically provided for in the lease, the rate and frequency of payment should not fluctuate. 4. There is a non-cancellable section of the lease period. 5. The burden of obsolescence of the equipment falls primarily on the lessee or user.

*Leasing by T. M. Clark, published by McGraw-Hill Book Company (UK), Maidenhead, Berkshire, 1978. Patricia Tisdall

Contacts:
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Inventor, not mousetrap, needs bait

The notion that if a man makes a better mousetrap than his neighbour, the world will beat a path to his door has fallen gravely into disrepute over the past decade. As numerous inventors have discovered, the world mousetrap market is no longer like that perceived by Ralph Waldo Emerson a century ago.

But the adage raises, nevertheless, one of the most controversial issues facing commerce, industry, government and universities today: how can scientific research and technology be harnessed in the cause of innovation? That perennial question was asked recently by the Prime Minister at a meeting on science, business and technology — of the all-party Parliamentary and Scientific Committee.

She dwelt on the theme of how inventive the British are, but her point in terms of developing and marketing their own inventions. Mrs Thatcher asked for more sympathetic consideration for the technical man from large investors.

She added: "We have a long way to go before we will

be giving proper recognition to our inventors. Of course scientific excellence is admirable, but so is engineering competence and technological ability. So is founding a new successful business and creating a lot of wealth. But most of all, we need those rare, gifted people who can do all of this."

Few would quarrel with that philosophy. But what is to be done to stimulate change? Mrs Thatcher wondered whether good and effective use was being made of the engineering and scientific talent in our universities and polytechnics.

She said: "There is everything to be said for the involvement of university and polytechnic staff in business and commerce. To help this along, the Government intends to establish a new award, with cash attached in some cases, designed to give recognition to successful partnerships between universities or polytechnics and industrial firms. It is to encourage those who have yet to set up suitable means for cooperation with industry to do so."

In practice there is a large amount of activity between inventive firms and academic groups in transferring the ideas and products of research into commercial goods and services. The most successful is perhaps the scheme for science parks to bring industry and science together.

The organization of a science park, which ideally consists of innovative companies on an industrial estate close enough to a university for collaboration and sharing, takes various forms. One at Cambridge, started as a venture by Trinity College, is developing on a carefully planned site and fits the classic model of scientifically-minded businessmen starting new manufacturing of high technology products or services and being joined by branches of science-based companies.

Other approaches to stimulating togetherness include using universities as consultants on specific problems.

In areas such as polymer engineering, which is an industry with hundreds of small firms, the Science and Engineering Research Council

has formed a special unit to match academic research and technology with the needs of industry.

Yet as continuing correspondence from readers of *The Times* demonstrates, many academics and industrialists do not believe Britain is getting anywhere near the level of commercial return that is potentially available from scientific research. An example raised recently in a letter from Mr Adrian Fisher, of Minotaur Designs, at St Albans, is of the genetic engineering discovery at Cambridge, known as monoclonal antibodies, which companies in the United States are now exploiting.

A failure to get patent protection for that discovery has led to a comparison with the commercial fate of penicillin, which, though discovered in Britain, costs the country large sums in balance of payments because the Americans stole a march in commercial exploitation.

Another way of getting a competitive edge in industry is to use some of the rare breed of inventors who develop new products to order. For example, Mr

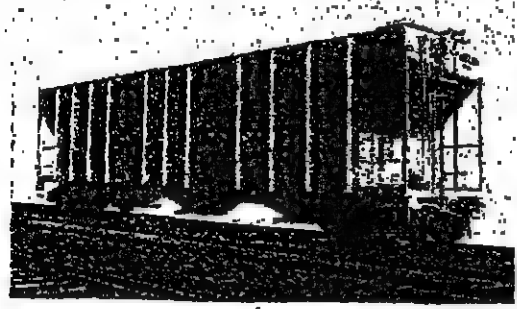
Peter Frank, a former management-scientist with Rank Xerox, and Mr Mike Ockrent, a physics post-graduate, have through their company, Frank & Ockrent, provided large and small firms with a contract research and development department. They have invented, designed and developed products as diverse as laboratory equipment, marine safety equipment, domestic energy saving devices, aircraft accessories and gardening items.

At the other end of the scale, the Prime Minister is being advised by the science advisory group to the Cabinet that young British engineers and technicians are starved of the basic commercial experience needed to exploit inventions. It recommends that in the expanded role for the National Research Development Corporation, the agency which patents university discoveries and may fund private inventions, the process of commercial appraisal of ideas should be given greater attention.

Pearce Wright

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TIME FOR A STERLING POLICY

The exchange rate of the pound sterling is on a roller-coaster again. It is not a pleasant place for it to be. This is not quite the vertiginous seventies when the ground opened beneath one's feet whenever there was a wild remark at a labour or trade union conference, but yesterday's fall of more than 7 cents against the American dollar is the biggest fall for two and a half years. It comes against a background of increasing volatility in the foreign exchange markets and there is a strong likelihood of further pressure on sterling over the weeks and months ahead, especially if the price of North Sea oil has to be cut.

The Government's attitude to the exchange rate has bordered on the mystical: nothing can be done about the wondrous workings of the market place. It has several times denied the existence of the possibilities of intervention to reduce the inflated value of the pound sterling. That has been unfortunate but it will be as well for the moment if the laissez-faire attitude persists just a little longer. It is demoralizing to politicians, and to others, when the exchange rate declines, but sterling is over-valued by more than 30 per cent. Its inflation has been pricing British goods out of world markets and British workers out of jobs, and that dismal process would only be accelerated if interest rates were raised now in defence of the pound. The Chancellor could kiss goodbye his hopes of an export-led revival and a reversal

of the calamitous fall in industrial investment. In the immediate future, therefore, the best response to the downward pressure on sterling is to do nothing.

There is, of course, an inflation cost in abstention. But there is no escaping that at some point. We have to pay for the domestic inflation which occurred in the early months of the Government's term in office when wages rose rapidly at a time output was falling. The rise of sterling concealed the inflationary forces which this created but it did not get rid of them. Time is out of joint. What is now required is a policy for the exchange rate which will relate it more closely, and in more orderly fashion, to our economic performance. There was never any justification for a 50 per cent appreciation of the pound against the dollar. Floating rates have been a nightmare for exporters. Over the past five years they have seen the pound at \$1.60 and at \$2.40 and they are now seeing it fall towards \$1.90. Even the Westcoasts of the world cannot be expected to cope with fluctuations like that.

Both the Chancellor and the Prime Minister have shown some signs of realizing that the roller coaster is bad for trade; they must now perceive it is corrosive of confidence and singularly ill-timed in its downward swoop. It is no use expecting the Americans to ameliorate matters by lowering their interest rates, damaging though an interest-rate war is

and unproven as is a high interest rate in the fight against inflation. The Europeans have lectured the Americans for too long about putting their house in order to be given much shrift in the complaints now. One can only hope the high American rates will not last for long, and in the meantime we must develop a sensible policy for currency. The first necessity to recognize is that the floating rate can be moderated in its erratic behaviour by interest bonds and other measures. The second necessity is to establish the criteria to be used in deciding on a sensible rate. The third is some public manifestation of what the Government is trying to achieve at present: no one knows if the Government would like to see the pound's effective exchange rate higher or lower than its present level.

In the short term the best way to tell them would be to measure sterling's worth against the currencies of our European partners: the Government could announce that it was trying to keep the pound's value stable against, say, the average of EEC currencies. But for the day after tomorrow we should be deliberating on how we can join the European currency snake. It is an imperfect mechanism, but it is a cooperative one and it provides the glimmerings of a more stable system for international exchanges. There is nothing to recommend the roller-coaster which has done so much harm to our economy and that of our European partners.

KEEP YOUR CONCESSIONS DRY

The statement on the Maze prison by a commission of the Irish Catholic Bishops' Conference, reported in *The Times* yesterday, is a careful and well-handled presentation of the "show a little flexibility" approach. This is the line taken, not always with the same carelessness and even-handedness, by Mr Charles Haughey and other party leaders in the Republic, Mr John Hume in the North, and many more distant observers. It is the rod with which usually well disposed critics have recently taken to beating the British back.

The proposition is that the Government should let the regime for all prisoners in Northern Ireland in three respects. They should be permitted to wear their own clothes at all times (no great difficulty about that provided anything smacking of paramilitary uniform is excluded). There should be "some move to increase opportunities for association" while not tolerating military training or any activity which would be illegal in society at large (there is already free association much of the time for conforming prisoners); doubtless a way of increasing it could be found that stopped well short of allowing the prisoners to regulate their own lives within the perimeter). There should be a review of prison work to make it more educational and remove "work of a demeaning nature"

(an educational emphasis is already present and, provided prisoners perform the simple duty of cleaning and seeing to their own cells, more could be attempted in that direction).

The British Government has been, and remains disposed to be, flexible about the details of prison regulations in Northern Ireland. On two matters it is rightly adamant. It will not have differentiation between republicans, criminals, and other inmates, and it will not concede to republican prisoners the cachet of political status or the substance of prisoner-of-war status. The proposals of the bishops' commission do not infringe either of those precepts. A resolution of the conflict inside the Maze, if there is to be a resolution, will probably lie in the area suggested, so why not move there now?

Although the immediate announcement of some such concessions would win good opinions from bystanders and temporarily help the Government to make its case abroad, Ministers have to pay more attention to the effect of their decisions on those who are joined in the action, the communities of Northern Ireland. Unilateral concessions to the hunger strikers now would exalt the prestige and morale of the Provisional IRA, and confirm them and their many softer

sympathizers in the belief that they have the means of breaking British authority in Ulster. Unionists would be daunted by an apparent display of weakness, and their paramilitary preparations would be intensified.

It would be different if there were any prospect that those concessions now would pacify the republican prisoners and still the agitation that has built up around their cause. There is no firm reason to think that that would happen. The IRA is not immolated selected of its members and redefining the code of civil war in Ireland in order simply to win marginal improvements in the conditions of captivity. It is engaged in a deadly struggle for power against a constitutional authority in Northern Ireland that is founded on the franchise of 60 per cent of the province's electors. The challenge from within the prison and the accompanying agitation outside are a tactical strike in that strategic context. They will not relent until, in the face of firmness and subtlety, they find this particular line of action bringing diminishing returns at rising cost. That is beginning to happen. The Government would be well advised to keep its concessions of detail dry until the process has gone further and the Provisionals are looking for a pretext for withdrawal.

SHIVERING ON THE BRINK OF WARRINGTON

Mrs Shirley Williams has decided not to stand as the Social Democratic candidate in the Warrington by-election. The reason she has given is that the timing of the by-election is uncertain and she can more usefully serve the party over the next few months by carrying out her heavy programme of meetings throughout the country. The assumption on which she has based that judgment will prove to have been mistaken if, as is reported, the Labour Party decides to have an early poll before the holiday season begins next month.

Her judgment is also open to question for a more substantial reason. Warrington may not be the ideal constituency for the Social Democrats to fight their first by-election in, but they have quite rightly decided to contest it and their chances are far from hopeless. Indeed, the opinion poll by Audience Selection, which was published in the *Sun* yesterday, suggests that they could win the seat if they have a leading personality as their candidate. Mrs Williams is given a 19 per cent lead over

Labour, and Mr Roy Jenkins would be only 4 per cent behind. Any other Social Democratic candidate would, according to this poll, start with more ground to make up.

This is a very powerful argument in favour of the Social Democrats fielding one of their principal personalities. Many people will judge whether the party is a serious political force by its performance at Warrington. That will matter more for its future credibility than any straw poll. A dramatic triumph there would do more for the party than any number of political meetings that Mrs Williams could address over the next two years, never mind the next two months.

In deciding not to stand Mrs Williams has deprived the Social Democrats of their best chance of securing such a triumph. She has also given the impression of not wanting to make a chance. For a party that is seeking to break up the existing pattern of British politics that is an exceedingly dangerous impression to give. It is particularly

unfortunate for the Social Democrats who are always liable to be suspected of being politicians for the drawing room rather than the hustings. There would be no better way to combat that suspicion than for a leading Social Democrat to take the risk of standing in what has hitherto been a safe Labour seat and therefore been regarded as unpromising territory for the new party.

If Mrs Williams is not prepared to take that gamble, then Mr Jenkins should. He would apparently start with a good chance of success. With his candidate there would be little risk of the Liberals queering the pitch for the Social Democrats by putting forward their own candidate. For him to stand would also do much to dispel the widespread impression of him as a politician with a fastidious distaste for the dust of the arena. So in both personal and party terms this is a chance that Mr Jenkins ought to take. If the Social Democrats are afraid to dare they cannot hope to triumph.

Church's weakness

From the Reverend Harry Ogden
Sir, In yesterday's *Times* (May 29) Canon Wilkinson, of Solihull, made the strange and illogical assertion that clergy who look after their churches thereby neglect to talk about God to their people. Granted that my 20 years' parochial experience has not been in attractive suburban or country parishes, but my experience is the opposite of his in this matter. My experience from observation of other parishes as well as my own is that the care and enhancement of "Victorian Gothic edifices" goes hand in hand with the evangelistic outreach in inner-city parishes, decayed or otherwise.

Take one example in Salford: There is a church, a "Victorian Gothic edifice" it ever there was one, in what was *Love on the Dole* land. Throughout my childhood it looked derelict and unwanted among the decaying back streets. Then the area was redeveloped as an estate of high-rise flats, with the church still looking derelict and unwanted.

Diocesan "experts" wanted to demolish it and erect another concrete cube, but the new rector and the then small congregation insisted on keeping their "Victorian Gothic edifice" and they set about restoring, reordering and beautifying it under the sensitive guidance of Mr Stephen Dykes Bower. They were "looking after buildings" — money raised by very hard work by the rector and his people. While they were doing this, however, they neither neglected looking after people nor talking to them about God. In fact the restoration of the old and smaller church, a building which ordinary unsophisticated people could immediately recognize and relate to as the local house of God and gate of Heaven, was perhaps the main instrument in turning the largest and most vigorous and most evangelistically effective congregation in the whole of Salford.

If we are to think in "neo-Franciscan" terms about simplifying and enlarging the Church's message of hope and joy and happiness in

what Canon Wilkinson calls "This embelished post-industrial age" then he and others who think like him will have to reassess their desire to destroy churches, "Victorian Gothic edifices" or otherwise. For St. Francis of Assisi humbly began his very effective spiritual renewal and evangelistic outreach which revitalized the medieval Church by restoring an old, tumbledown church.

What better example could we follow, in inner-city areas and elsewhere? For the restoration, reordering and beautifying of churches is an outward and visible sign which ordinary unsophisticated people immediately recognize — that neither God nor his Church are dead, and that he is quite capable of making new that which has grown old, and of lifting up that which has fallen down.

Yours faithfully,
HARRY OGDEN,
Church Rectory,
Moston Street,
Moss Side,
Manchester.
May 30.

Colleges under closure threat

From Dr S. Ranaivake and Professor W. E. Yuill
Sir, On reading your article, "Threat of closure faces five colleges" (June 2), we have difficulty in understanding how the Swinerton-Dyer committee apparently found it so easy to dismiss the need to review the cost of central administration of the University of London.

The cost of this administration, which duplicates much of the work of college administrators, is quoted as being of the order of £1m. It seems perverse that colleges with a long tradition of education and research by staffs of highly qualified and eminent scholars should be closed, while what one often expects to be a top-heavy administrative machine is left intact. Yours faithfully,
SILVIA RANAIVAKE,
(Department of German),
W. E. YUILL,
(Department of German),
Bedford College (University of London),
Regent's Park, NW1,
June 3.

From Professor R. Goldsmith
Sir, It is a cornerstone of English justice that even the perpetrators of the most heinous crimes are protected from prejudicial publicity before conviction. The same courtesy has not been extended to us as an academic institution by our peers in the discussion document produced by Sir Peter Swinerton-Dyer's committee on academic organization in London University (Report, June 2).

Upon what evidence, except their "views" and "general reputation", in other words bias and the prejudices of others, have the committee concluded that the majority of the departments at this college may not be "up to university standards"? It is reasonable for us to ask: what is this "standard"? Is it a mean or an average? Then by definition a large proportion of departments in any university will be below standard.

We must give this distinguished group of our peers the benefit of greater insight. They are faced with the necessity for a 15-20 per cent financial cut; they may therefore be looking for the bottom fifth of the distribution, not an easy task. They themselves argue against all objective criteria to help them in making this judgment and are "inhibited" from making peer reviews. They propose, rather, imposing a selection, casting a light upon the college.

What parent will now advise an intending student to come to Chelsea? Will school teachers not advise their best pupils to publish a college which is "not up to university standards"? Sooner rather than later the truth will come to resemble their ill-conceived verdict. We are no angels, we have our share of strengths and weaknesses. Let Sir Peter and his committee visit us in an open peer review. Then, if we are found wanting, let them "phase us out" but if we are found strong, let them publicly discontinue their praise as widely as they have their ill-founded disparagements. Yours faithfully,
RAINER GOLDSMITH,
Chelsea College,
London SW3,
June 3.

Czech dissent movement

From Mr Jan Kavan
Sir, The Czechoslovak human rights movement is in great need of money. As there is no unemployment benefit, financial support is needed by many people deprived of their means of livelihood for political reasons. Funds are also needed by families of political prisoners who receive no state help. Moreover, the detainees awaiting trial have to pay not only for their defence but also for their keep in prison. However, awareness of this should not mean an assumption that all money taken to Czechoslovakia is in support of an expression of solidarity with the regime which has imprisoned them.

Palach Press Agency was quoted in *The Times* of May 27 as saying that "the large sums of western money" found on the two young French citizens who were detained in Czechoslovakia for three weeks in May "were intended for the Committee to Defend the Unjustly Prosecuted (VOVS)". Following their expulsion from Czechoslovakia on May 20, the French couple explained that the confiscated sum of 4,000 DM (£200) were their personal funds, which they had brought with them on taking legal steps to recover it from the Czechoslovak customs. The police grossly misinterpreted the role of the money by assuming it was for financing "subversive activities" of the human rights activists detained in Prague three weeks ago.

This unsubstantiated claim is used as a pretext to charge those who are in fact innocent of any subversion of the republic" under article 96, which carries a sentence from three to 10 years. The outrageous quotation has arisen out of a misunderstanding between the author of the article and a part-time Palach Press employee.

Yours faithfully,
JAN KAVAN, Director,
Palach Press Ltd.,
19 Earls Court,
35 Mercer Street, WC2,
June 1.

War in Lebanon

From Mrs Jane Gaillard
Sir, Robert Fisk's report on the Israeli attack on Damour (May 29) was a masterpiece of understatement. The Palestinian terrorists holding the town, Damour was a quiet Christian town until the civil war in Lebanon, when the Palestinians attacked the population, killing many and forcing the rest to flee for their lives.

Mr Fisk should think of these people, now living as refugees in other parts of Lebanon, who can never return to their home town.

Yours faithfully,
JANE GAILLARD,
222 Boulevard Bineau,
92200 Neuilly-sur-Seine,
France.
May 30.

LETTERS TO THE EDITOR

Centre parties in an adult relationship

From Mr Tom Ellis, MP for Wrexham (Social Democrat)

Sir, You report today (June 3) that the leaders of the Social Democratic Party and of the Liberal Party have agreed to discuss the possibility of a latter party will stand down in favour of the SDP at the Warrington by-election but that it is to have "first refusal" at any (sic) forthcoming by-election. It seems as if Buggins's turn is being introduced into a normal election.

I do not yet know whether the report is correct, but if it is so it adds to my other anxieties which have been steadily accumulating since the launch of the SDP. A presumption of the British two-party political system which unfortunately is being carried over into the SDP is that one either loves or one hates. There seems to be an aversion to having an adult relationship pitched somewhere between the two extremes. In fact it was partly in revolt against this black-and-white party view of politics — "my party is right, your party is wrong" — that the Labour Party and helped found the SDP. Sadly, however, it is this same old, obsessive preoccupation with shallow party advantage which seems to be driving the SDP into a position which is a threat to the Warrington by-election by a local Liberal in the North-west of England, for example, did not merit the respect of a serious party like the SDP nationally which in turn forced

the Buggins's turn principle on the Liberal leadership.

Nor does a determination to reject the practices of the Labour Party — admirable if this had, meant the rejection of the old party ideologies — become anything other than silly. If, in fact, it results in no more than administrative decisions, about yet having an annual conference because Labour has one, or not having local parties on the constituency because Labour does so, or disparaging local party members who were formerly active workers in the old parties.

I sincerely hope that henceforth in the SDP we shall display greater self-assurance so as to avoid any suspicion of our being party bigots. It is this as much as anything which will appeal to the British electorate. Yours sincerely,
TOM ELLIS,
House of Commons,
June 3.

From Mr Sam Silkin, QC, MP for Southwark and Dulwich (Labour)
Sir, Am I alone in seeing a parallel between the conduct of Mrs Shirley Williams in declining to stand at Warrington by-election and that of Mr Tony Benn in declining to stand for the leadership of the Labour Party?

In each case the logic of the positions taken up by them would seem to lead to acceptance of the challenge. In each case to do so would seem to be the courageous and honourable course. In each case it appears that discretion has proved the better part of valour.

Are there conclusions to be drawn as to the suitability of either to lead the nation?
Yours faithfully,
SAM C. SILKIN,
House of Commons.

Europe's voice

From Mr Alfred L. Latham-Koenig
Sir, Ronald Butts's article (May 14) rightly stresses the importance of a European dialogue in the present critical world situation and welcomes the great progress in political cooperation within the Community which was achieved in the last few years. But this cooperation needs a measure of agreement on the European interest which transcends purely national interests and makes compromises possible.

In this respect the regrettably harsh, almost jingoistic tone adopted by Britain in demanding a reduction of her contribution to the EEC budget — however sound her case may have been — has created both a bad impression and an unfortunate precedent which could well be followed by other member states and weaken further the cohesion of the Community at a particularly inopportune time. There is one field in particular, the North-South dialogue, where a common initiative by Europe is urgently needed. The negative attitude of the Reagan Administration towards practically all the recommendations of the Grand Report is an indication of the lack of interest in the European Development Association, have angered the group of 77 and compromised the success of the North-South summit in Mexico next autumn.

France, under her previous government, had taken a lead in trying to soften the United States Administration's attitude and with Claude Cheysson, the new foreign minister, this policy is likely to be pursued even more vigorously. It is to be hoped that Britain, which takes over the presidency of the Council of Ministers in July, will ensure that the EEC, as a unit, makes a positive contribution to the

Mexico summit, thereby ensuring at least a modicum of success. A failure, followed by mutual recriminations, would be dangerous in the present world economic climate. Yours faithfully,
ALFRED L. LATHAM-KOENIG,
11 Bigwood Road,
Hampstead Garden Suburb,
Hampstead, NW11,
May 28.

M Cheysson's record

From the South African Ambassador to Greece
Sir, If, as your account in *The Times* of May 23 would have us believe, Claude Cheysson was once "in charge of the development of the Sahara", the present state of that part of the world would hardly be the best augury for his success as France's new Foreign Minister. In fact, however, that unfortunate over-abbreviated does no justice to the very effective hard work he was actually doing as Secretary-General of the Committee for Technical Cooperation in Africa South of the Sahara (CTCA) for those years. Meetings at working-party level used to take place every week or two in London under his chairmanship in the late fifties, and as South Africa's representative at that time, I can attest to his zeal.

It is perhaps of interest that Claude Cheysson is the third member of that small London group — only eight countries were represented — to have become Foreign Minister. The others were Alex Quaison-Sackey, of Ghana, and Franco Nogueira, of Portugal.

Yours truly,
J. H. SKLFE,
South African Embassy,
63 Vasilissas Sofias,
Athens 140,
May 28.

Nature of schizophrenia

From the President of the Royal College of Psychiatrists and others
Sir, Quite apart from the question of differential diagnosis, about which we make no comment here, the trial of Mr Peter Sutcliffe, who has been found guilty of the murders of thirteen people with schizophrenia, is a potential menace to others. This is not true. Schizophrenia is a fairly common condition, which can sometimes be disabling or even crippling in its effects upon the sufferer, but it is very rarely associated with repeated acts of violence.

In the United Kingdom, at any given time, some 180,000 people are affected by it and about 1 per cent of the population develop it at some time in their adult lives. Most of them spend far more time living in the community than in hospital. All but a tiny fraction have no greater liability to violence than other citizens, nor do they commit other crimes.

We would not wish to minimize the suffering caused by schizophrenia to the person affected and to the family, nor to deny that

tragedy sometimes occurs. But there have been major advances during the past 25 years in our understanding of the disease, in our knowledge of treatment and in our ability to care for those who become chronically disabled.

It would be an even greater tragedy if the care given by the mental health services was undermined by hardening further attitudes that might lead to greater restrictiveness and less community support. Organizations such as the National Schizophrenia Fellowship and MIND do much to promote public understanding, sympathy and help for many thousands of sufferers. Their efforts should not be set back because of the natural reaction of horror at this appalling aspect of our society.

Yours faithfully,
DESMOND POND,
KEN RAWNSLEY,
W. H. TRETHOWAN,
HENRY WALTON,
J. K. WING,
Medical Research Council
Social Psychiatry Unit,
Institute of Psychiatry,
De Crespigny Park, SE5,
May 29.

Third World aid

From Mr Ewan Luard
Sir, The large number of people attending the recent lobby of Parliament is an indication of the widespread concern that exists about the policy of our Government towards the Third World.

Over the next four months three important summit meetings are to take place at which these matters are to be discussed: the Commonwealth Prime Ministers' meeting in Australia; the meeting of industrialized nations in Canada; and the North-South summit in Mexico. Though none will be able to reach final decisions (if only because all will be restricted in membership) they will do much to clarify the Mexico summit — is to lay down guidelines for the detailed negotiations which will take place subsequently in the appropriate forums.

There are a number of particular proposals to be discussed which it might be hoped that our Government (even taking account of its known political and economic viewpoint) will be willing to support. For example, as a major food importer Britain has a strong national interest in measures to expand food production all over the world, above all in developing countries (where the costs of production are often cheapest) to avoid major shortages and rapidly rising prices: one would hope therefore that the Government will support major programmes designed to help poor countries in their

Secondly, as a government committed to an open trading system (as it announced in its memorandum on the Brandt report last July) it should be willing to support a public commitment to avoid new measures of protectionism against imports from poor countries (and to put this into practice in the forthcoming negotiations on the renewal of the Multi-Fibre Arrangement).

Thirdly, as a major banking nation which would have much to lose if any poor countries, because of their severe balance of payments difficulties, were forced to repudiate their debts, already enormous, we have an interest in ensuring that the International Monetary Fund further liberalizes its policies in granting credits to poor countries and that it should give a larger proportion of quotas and special drawing rights to them in future allocations.

Fourthly, as a country with long-standing associations with the very poorest countries of all, the "least developed" (about half of which are members of the Commonwealth), we should give the strongest support, both at the summit and at the conference specifically devoted to their problems in Paris in August, to proposals for special measures to help them by the provision of increased aid and better trading opportunities. Yours faithfully,
EWAN LUARD,
Oxford,
274 Banbury Road,
Oxford,
June 1.

Gunshots at the funerals

From Mr P. St. John-Langan
Sir, Professor O'Leary (June 2) has missed the vital distinction. So far as I know, it is not being suggested that there should be a simple denial of Christian burial rites to any hapless person. What is in issue, and what causes very great offence to many people (Roman Catholic, Anglican and Protestant alike), is the provision of a funeral service and burial for someone who has lived by the gun and the bomb where he is to be publicly "honoured" with flags, martial music, volleys and the like.

By necessary implication, all this is done in tribute to the manner in which the person concerned has lived and died. The explanation which is put forward, that these trappings stop at the church door, is unconvincing: after all, the officiating priest accompanies the coffin to the grave.

On a practical level, a simple choice could be offered to the relatives: you can have a Christian funeral or a paramilitary funeral, but not both. On a spiritual level, it is only the offering of such a choice which can in these difficult circumstances be consistent with the Gospel of peace. Reconciliation and comfort for the bereaved should be available, but not at the price of involving those who are ordained for the proclamation of that Gospel in a ceremony which, whatever their own views, suggests a celebration of violence. Yours faithfully,
P. ST. JOHN-LANGAN,
2 New Square,
Lincoln's Inn, WC2,
June 2.

Defence strategy

From Miss A. M. Hjorne
Sir, I welcome David Watt's conclusion (May 29) that NATO urgently needs a functional review. It is a pity that he did not go on to argue that for reasons of history, geography, trade and our national interest we should "specialise" in the maritime defence of the eastern Atlantic and the Channel. This is the role in which Britain, amongst European nations, is uniquely qualified to undertake and already plays a major part. In contrast, our continental commitment to defending a few dozen kilometres of the German border is not impressive.

David Watt spoils his argument by introducing gratuitous comments about the Navy — perhaps in his infancy he was bitten by a submarine. More seriously, in his discussion of length of conflict he makes the point that reinforcement is surely to be started as early as possible during tension as a signal of resolve and thereby as a deterrent.

If deterrence fails, reinforcement is needed to keep NATO's options open: one option, given reinforcement, is to continue to fight with conventional weapons. Without reinforcement, this option is not available after a few days. It is certainly misleading to say that the anti-submarine war will only be joined when it is "relevant to reinforce the Army". Yours faithfully,
MARIA HJORNE,
Willow Mead,
Bankers Street,
Croydon,
Surrey,
May 31.

Words and figures

From Mr F. T. Bennell
Sir, While not disagreeing with the general suggestion of Philip Howard's article (May 25) that technical words are liable to be misused by journalists (indeed the article is inadvertently reinforcing this view) I do not agree that the BBC reporter was wrong to say something was increasing "exponentially". It is a precise statement to make anything where the rate of increase is proportional to its size at that moment and I presume that what was meant was that the bigger it gets the faster it grows, which would be a reasonable use of the word.

Neither do I see anything wrong with the expression "lowest common denominator". A denominator in mathematics is written as a number below the line, but it represents the parts of which a fraction is composed. Yours faithfully,
F. T. BENNELL,
Consultant Engineer,
6th Crookwell Park Road,
Addlestone,
Weybridge,
Surrey,
May 25.

Foxing the hunt

From Miss Victoria Spencer Wilkinson
Sir, Mr G. V. Harries (June 2) has unfortunately resurrected a story which was attributed to my father by Sir Victor Mallet in a footnote in *The Times* (Queen Victoria, published in 1968).

In December 1968 I wrote to Sir Victor Mallet to point out that his facts were incorrect and that Sir George Clark (All Souls College), who kindly did some research for me, found that the intention of the bicycle tactic was by John Cook Wilson. On hearing from me Sir Victor Mallet immediately apologized, and at my suggestion wrote a letter explaining his mistake, which was published by *The Times Literary Supplement* (January 23, 1969).

I hope this information will put to rest the defamatory story that my father had invented this absurd "tactic" referred to by Mr Harries, obviously in ignorance of the facts. Yours faithfully,
VICTORIA SPENCER WILKINSON,
142 Hatherley Grove,
Hatherley Grove, W2,
June 2.

All for the best

From Mrs Colin Strickland
Sir, In reply to the Chaplain of Sussex University, (June 3), when my father remarried at Crumloch church, near Canterbury, on December 11, 1975, not only was my sister his best man, but my step-mother's daughter gave her away. Yours sincerely,
ROSEMARY STRICKLAND,
Swearing Manor,
Petham, Canterbury,
June 3.

Economic Sense
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and Truck Rental.
Wincanton
Vehicles Rentals
01-992 3400

Business News

THE TIMES June 5 1981

GARRARD
buy antique and
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Garrard & Co. Ltd., The Crown Jewellers
25 Abchurch Lane, London EC4N 3DF

Stock markets
FT Ind 535.6 up 8.9
FT Gilt 66.05 down 1.14

Sterling
\$1.9410 down .765 points
Index 94.8 down 2.1

Dollar
Index 109.2 up 1.3
DM 2.4110 up .515 points

Gold
\$460.50 down \$13

Money
3 mth sterling 12 1/2%
3 mth Euro \$ 18 1/8%
6 mth Euro \$ 17 1/4 1/2%

IN BRIEF

Morgan bids £6.54m for Myson

Morgan Grenfell, the merchant bank, has offered £6.54m for the ordinary shares in Myson, the central heating group, on behalf of a group of institutional investors and two individuals, Mr R. A. A. Wheeler and Mr J. G. Salkeld. Myson ran into financial difficulties at the end of 1980. The company had a turnover of £1.5m and a profit of £291m for the three months ended March 31. The company had a turnover of £1.5m and a profit of £291m for the three months ended March 31. The company had a turnover of £1.5m and a profit of £291m for the three months ended March 31.

Beecham profits up
Beecham, the drug company which has been a United Kingdom licensee for its anti-biotic Augmentin, increased pre-tax profits by 10 per cent to £151m in the year to March 31 on sales up from £1,028m to £1,155m. The year's dividend was raised by 9 per cent to 9.52p gross.

Wire report
The worst is yet to come for the wire industry, according to Inter Company Comparisons, a report released yesterday. Average return on capital fell by one-fifth from 15.9 per cent to 12.7 per cent between 1977 and mid-1980, and sales growth failed to keep pace with inflation, the report says.

Hire purchase rises
Hire purchase contracts agreed last month totalled 115,871 according to Hire Purchase Information. This compares with 103,432 in April and 132,731 in May 1980. New cars accounted for 37,085 of last month's contracts and those for used cars amounted to 50,214.

Car output falls
Car production in Britain fell by 48 per cent during the four weeks to May 23 according to the latest provisional estimates. Only 45,000 cars (seasonally adjusted) were produced compared with 86,000 in the previous four weeks. The fall is attributed to industrial disputes.

Electronics venture
A group of electronic companies from nine countries, among them Plessey and Marconi, will set up a joint venture called ACCSCO SA, registered in Brussels, to work on the Nato air command control system.

US-China trade up
Trade between the United States and China should reach \$6,000m (£3,015m) this year and \$10,000m by 1984, Mr Malcolm Baldrige, America's secretary of commerce, said. Trade between the countries doubled last year to \$4,800m, two thirds of it in United States exports.

Research project
Butler Cox & Partners will undertake a major 12 month £250,000 research project into the market for office technology. The project will be funded partly by the Department of Industry and subscribing companies which include Telecom, ICL and Rediffusion Computers.

Wall Street lower
The Dow Jones industrial average closed at 986.74, down 2.97 on Wall Street yesterday. The S&P 500 exchange rate was 1.15285 while the £-SDR rate was 0.590297.

Extra tax relief to aid small businesses

By Bryan Appleyard, Financial Staff

The Government has bowed to pressure from businessmen and accountants and introduced big changes in its business start-up scheme designed to help small companies.

The scheme, which offers tax relief on up to £10,000 of private investment in new ventures, was widely welcomed when it was announced in the Budget. But the mass of restrictive clauses which emerged with the publication of the Finance Bill prompted a barrage of criticism.

Sir Geoffrey Howe, the Chancellor of the Exchequer, yesterday announced significant easing of the terms for tax relief.

Another significant change in the Finance Bill was also announced. This was the withdrawal of Clause 34, which provided for a 30 per cent deduction from payments made to agency workers operating through companies. Some pressure groups had claimed the effect of this clause would be to force employers to offer more of the benefits for small businesses in the rest of the Budget.

The Government is to hold further consultations on the clause with a view to introducing revised proposals next year, and Mr Peter Rees, the Treasury Minister, said the start-up scheme was still open to further debate.

Tax relief will now be available for investors in a company during the first five years of its life, instead of three, and



Mr Rees: debate needed to establish right balance

on up to 50 per cent of its equity instead of 30 per cent. It will also be available where the company has one or more 100 per cent-owned subsidiaries, for investment in more than one class of ordinary shares, and when a company has fixed rate preference shares.

Tax relief will be available when a brother or sister is the investor, and the rules when relief can be withdrawn are also being relaxed. This latter area will include a reduction from five years to three over which the Inland Revenue can claw back relief when a business no longer qualifies for help.

Finally, an investor can receive fees from the company in a legitimate professional or trading role, although he cannot receive fees as a non-executive director.

Mr Rees said the Government was planning to introduce changes, but said he was disappointed that no more had been made to broaden the types of business which could qualify.

The Government should have allowed investors to receive fees as non-executive directors as this was a key way of bringing in proven business expertise, he said.

Mr Michael Grylls, chairman of the Tory Small Business Bureau, also attacked the restrictions on types of businesses able to qualify and said he would continue to fight for a broadening of the scheme.

Mr William Pooton, of the Union of Independent Companies, said the changes were welcome but the necessity for them appeared to indicate amateurism in the initial drafting of the Bill.

Helping small businesses, page 19

Soothing Japan's car exports

By Peter Hill

Mr Zenko Suzuki, the Japanese Prime Minister, yesterday said that his Government would help solve as smoothly as possible the problem of Japan's rising car exports to Europe.

Speaking in Tokyo against the background of the unproductive talks earlier this week between officials of the European Commission and Japanese trade experts, Mr Suzuki said that the issue was primarily one for the industries concerned and direct governmental intervention was not appropriate.

"But the Japanese Government will help the automotive industries solve the problem as smoothly as possible," he said.

Mr Suzuki's soothing words, however, coincided with a warning from another British industry on the need for a tougher line to be taken against Japanese exports to Europe.



Mr Suzuki's government intervention not appropriate

Mr Harry Hornsby, director general of the Process Plant Association, which has an annual turnover of £2,500m and employs more than 80,000 people, referring to the talks earlier this week, said that it was disappointing that the Japanese had been unable to grasp the European point of view.

"Although British industry's immediate concern is with motor vehicles, electronics and shipbuilding, we are only too aware that the existing Japanese pressure for exports may shortly become a serious problem for the British process plant industry," he said.

Citing the gross imbalance in trade between Europe and Japan in mechanical engineering products and electronic and electrical engineering goods over the past ten years, Mr Hornsby said that previous experience suggested that the Japanese had been unable to negotiate with from a position of strength.

Urging the British Government to impress on the Japanese authorities the need to open up the Japanese market to exports from Europe and investment in Japan by European companies, Mr Hornsby pointed out that trade was a two way business.

Turning back the tide, page 19

Warning from BP on capital spending

By Ronald Pallen

British Petroleum said yesterday that continuing heavy losses in most of its oil producing areas could lead to further rationalization of these businesses. The group said that it was reviewing its oil trading activities and the planned level of capital spending in those areas.

BP is also calling on the Government to reduce the price of North Sea oil since the high price of supplies from its Forties Field is putting it at a severe disadvantage to its competitors.

The warning came with BP's first quarter figures which showed a drop in net income from £550m to £395m mainly because of continuing heavy losses in its oil producing areas. The figures were, however, slightly better than the market had been expecting. Without the vague rumours of a cash raising move materialising, the shares ended 4p ahead at 374p.

BP blamed depressed markets for oil and chemical products in the UK and Europe for the drop in profits. Taking into account the need to replace oil stocks with higher priced supplies, BP's drop in current earnings was even more pronounced with net income shrinking from £150m to only £10m.

Despite higher production from its Alaskan and North Sea crude oil production, this was largely offset by a more than doubled tax bill. BP complained yesterday that with the new supplementary petroleum duty in the United Kingdom the marginal tax rate on its Forties production was now over 100 per cent, and the situation is becoming progressively worse with spot crude discounts widening.

The chief support for BP continues to come from its United States subsidiary which increased its contribution from £135m to £175m in the first quarter. Chemicals, however, continue to be a major drain on the group with a first quarter operating loss of £36m excluding the shares ended 4p ahead at 374p.

BP planned depressed markets for oil and chemical products in the UK and Europe for the drop in profits.

Financial Editor, page 19

EEC to penalize steel undercutting

From Michael Hornsby, Brussels, June 4

European Community industry ministers today authorized the European Commission to impose severe penalties on companies which sell their products at less than published prices.

Viscount Etienne Davignon, the EEC Industry Minister, said that Brussels had been given powers to fine companies up to 1 per cent of their annual turnover. The sanctions would also apply to independent traders who sold steel cheaply out of stock.

Companies found in breach of the new pricing rules would be scrutinized by the commission to see if they were using state aid for purposes other than restructuring. If so, the commission could withdraw approval for such aid.

The price measures will form part of the new regime which will govern the steel market after June 30 when the present system of compulsory production quotas expires.

The aim is to push prices up by 15-20 per cent to bring them into line with those in Japan and America.

The ministers, including Mr Norman Tebbit, Britain's junior Industry Minister, said the compulsory quotas should be renewed in the case of coils, which account for about 50 per cent of all steel products, and which will be maintained until July 1 next year.

This had been proposed by the European Commission because of the refusal of West German steel company, to go along with a system of voluntary quotas accepted by sections and wire rod, which account for about 30 per cent of finished products, the ministers agreed to the voluntary arrangements which steel manufacturers have promised to observe after June 30.

Despite a strong appeal before the meeting from Herr Helmut Schmidt, the West German Chancellor, member states made little progress towards agreement on phasing out all state aid to the steel industry.

Health paper aims to dry out industry

How drinkers drain profits

By Peter Hill

Secret, and not so secret, drinking in Britain's factories could be costing industry hundreds of millions of pounds a year through reduced efficiency and accidents.

Management and trade unions are now being urged to take much firmer grip on the problem drinkers.

As a first step, the Health and Safety Executive yesterday published a guidance paper endorsed by four Secretaries of State, including Mr James Prior, the Employment Secretary.

This Ministerial quartet estimates that, if the impact on family and friends is taken into account, as many as one in 25 of the population of England and Wales have severe alcohol related problems. The proportion is higher in Scotland.

The executive's guidance paper is designed to stimulate discussion among trade unionists and managers on how workers can be tempted away from the bottle. It suggests that the workplace is an excellent point from which problem drinkers can be guided on to the path of righteousness and sobriety.

Problem drinkers, says the executive, are those people whose consumption of alcohol causes medical or social harm or affects their standard of work.

Under existing conventions most managers tend to deal with problem drinkers either by turning a blind eye or by sacking the offender. Both courses serve only to exacerbate the problems of the company and the drinker.

The health executive is urging employers and unions to draw up and implement policies designed to encourage problem drinkers to seek assistance and treatment in order to play a full and useful role in their organizations. These policies should start in the boardroom (where there is often a drinks cabinet), and spread down the line to the shop floor.

The paper also advocates a programme of education on the effects of alcohol so that workers and managers are aware of the consequences of excessive drinking.

But, before managers and shop stewards rush off for a crash course in how to spot a problem drinker and develop their own course of treatment, the executive's paper advocates caution. The tell-tale signs—impaired concentration, tremor, and irritability—should only be used as indications. Proper diagnosis, it says, should be made by qualified people.

Sterling's strength in Europe remains the key Pound's fall brings little joy

By Business News Staff

Sterling's slide against the dollar will provide a useful boost to companies who have fought to retain export markets. But the prospects for a substantial rise in demand are remote.

Although industry has been suffering from the effects of Sterling's strength in overseas markets, which has been an important factor in cutting profitability, its strength against major European currencies is more significant.

The Confederation of British Industry, which has been particularly outspoken on sterling's high value, said that industry expected no substantial improvement in business.

"Overall demand is still depressed and world markets intensely competitive. However, exports have been holding up remarkably well and the lower pound rate should ease the position of those companies who have been hanging on to overseas business with little or no profit," said the employers' organization.

But business leaders are anxious that the rate against the dollar should be held at around 52 and that there should not be a return to higher interest rates.

The pound's downward slide has put pressure on the British National Oil Corporation to cut North Sea oil prices.

North Sea operators with refining interests are keen to see prices drop from the £39.25 a barrel reference level, particularly as the spot price for high quality North Sea crude is down to £33 or £34 a barrel. But operators without refining activities would be happy to have price levels maintained and there is understood to be considerable conflict inside those companies which represent both shades of opinion.

Helping small businesses, page 19

Bankers welcome strong dollar

From Frank Vogl, Lausanne, June 4

An era of strong US dollar is becoming firmly established and leading United States international bankers are confident of the dollar's sustained position.

The American authorities are unlikely to intervene on a big scale in the currency markets to arrest the rapid advance of the dollar. There appears to have been no official British re-orientation of the dollar's position.

High American interest rates as well as recent international oil price developments, account for the dollar's strength.

A Swiss banker said he expected the dollar to appreciate still further, though not much more so before stabilizing at its high level. He did not believe that the dollar would weaken significantly if there was a moderate decline in United States interest rates in coming months. Bankers do not expect a substantial fall in American interest rates.

One European banker said that the long period of dollar weakness produced consistent currency market crises, with the evolution of a multi-currency reserves system. A period now of dollar strength could produce a more orderly and calmer world currency system, the banker suggested.

Saudi Arabia has vast dollar holdings and Mr Abdul Aziz Alghurair, governor of the Arabian Monetary Agency, certainly appeared happy here at the rapid increase in value of these assets.

The committee was told that 79 blocks have been awarded in the latest North Sea licensing round and the department had commitments from companies to drill 135 wells with the possibility of a further 40. The commitments represented a doubling of the number of proposed wells per block compared with the last licensing round.

In support of the department's view, the Treasury said in a memorandum to the committee: "The objective of the North Sea tax system is to raise revenue in a way which shares the benefits of North Sea oil between the companies and the community at large. The North Sea tax system has not been designed to influence depletion rates."

It added that in 1981/82 North Sea revenues were expected to account for about 8 per cent of total central government revenues. Income from the North Sea, at 1979/80 prices, is forecast to rise from £4,500m in 1981/82 to £5,250m in 1983/84.

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Both Penn General Agencies and Bankers and Shippers were subsidiaries of Penn Corp Financial. The partnership, which was set up last year, is paying \$29m for Penn General Agencies and \$13.5m for Bankers and Shippers, a total of \$42.5m.

Republic Hogg Robinson will finance the purchases by bank borrowings of \$21m and by its partners providing \$10.75m cash each. The partners and their parent companies are not guarantors to the banks borrowings.

Penn General Agencies has 22 offices throughout the United States, although its headquarters is in Los Angeles. It places property, casualty, marine and aviation insurance. Revenues last year were \$24m and pre-tax profits \$2.39m.

Bankers and Shippers is based in North Carolina and is a leading firm in truck insurance. It is licensed to underwrite business in every state of the union and has reinsured past liabilities so that they do not have to be taken up by Republic Hogg Robinson.

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Oil tax 'not hindering exploration'

By Edward Townsend

Senior Department of Energy officials assured MPs yesterday that the Government did not consciously use taxation as part of its North Sea oil depletion policy.

Mr David Jones, deputy secretary at the department, told the all-party select committee on energy that present taxes on oil companies were not discouraging investment or exploration.

The aim is to strike a balance between getting an economic rent for the nation and not reaching the point where it would hinder exploration, and the Government thinks that it has got the balance about right.

The committee was told that 79 blocks have been awarded in the latest North Sea licensing round and the department had commitments from companies to drill 135 wells with the possibility of a further 40. The commitments represented a doubling of the number of proposed wells per block compared with the last licensing round.

In support of the department's view, the Treasury said in a memorandum to the committee: "The objective of the North Sea tax system is to raise revenue in a way which shares the benefits of North Sea oil between the companies and the community at large. The North Sea tax system has not been designed to influence depletion rates."

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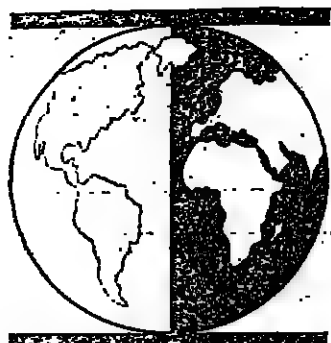
	1980/81	1979/80
	£'000	£'000
Turnover	21,160	21,202
Pre-tax profits before charging associated companies	1,348	1,300
Associated companies	(198)	(198)
Profit before tax	1,150	1,102
Profit after tax	891	802
Extraordinary profit	44	—
Dividends: per share	5.63p	5.0p
paid and proposed	450	389
Earnings per share	11.6p	10.6p

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EEC study on Italy's import levy

The European Commission is today to send a special mission to Rome to investigate Italy's mandatory import deposit scheme introduced last week to cut back the country's large payments deficit.

It is thought that the commission officials will try to persuade the Italians to exempt some steel products and most agricultural imports from the scheme which obliges Italian importers to deposit the equivalent of 30 per cent of the value of the goods in a non-interest account at the central bank for three months.

Mr Beniamino Andreatta, the Italian Treasury Minister, discussed the measures in Brussels with Mr Francois Xavier Ortoli, the European commissioner responsible for financial affairs. It is understood that the Italians might be sympathetic to exempting foods from the import deposit regulations, as this would help to hold down inflation, but are unwilling to make a similar concession on steel imports.

Oil prices drop

Consumer prices for oil products sold inside the European Community dropped slightly at the end of May, but at the same time both prices for imported oil and Rotterdam spot prices steadied.

The increase in consumer prices since December 1978 to the week ending May 25 fell to 92 per cent from 93 per cent the week before. EEC consumer prices for oil have been dropping steadily since the beginning of April.

Compensation sought

Kawasaki Heavy Industries Ltd has asked Iraq for compensation on losses arising from construction delays to cement plants in Iran due to the Gulf war.

Kawasaki has not disclosed the amount of compensation asked, but its financial statement for the 1980 year ended March 31 shows the company had a special loss of 5,000 million yen (about £1,045m) in connection with the plant construction.

Steel firm's loss

Spain's only privately owned integrated steel firm, Altos Hornos de Vizcaya SA (AHV), lost a record 10,340m Pesetas (about £535m) in 1980.

Last month six leading Spanish banks agreed to reschedule commercial debts worth almost 16,000m Pesetas (about £856m) contracted by AHV, which is 27 per cent owned by US Steel Corporation.

Labour laws eased

China is to liberalize labour laws for foreign investors in its three special economic zones in Southern Guangdong Province.

Foreign investors will have more power to set wages and dismiss workers employed in joint-venture or compensatory trade arrangements.

Coal-fired car

General Motors Corporation of America, while making clear that it does not plan to build vehicles that burn coal, has demonstrated two cars capable of running at least short distances on powdered coal.

Malaya steel plant

Nippon Steel Corporation is negotiating with the Malaysian Government for the construction of a \$360m (about £184m) reduction plant at Kuala Trengganu on the east coast of Malaya.

Pipeline project

Canada's National Energy Board has approved the construction by Trans Mountain Oil Pipeline Limited of a pipeline from the United States-Canadian border to Edmonton, Alberta.

West German benefits

The West German Parliament has approved the Government's plans for social and unemployment benefits by passing the labour ministry's DM54,000m (about £11,157m) budget.

Short-time working

Agfa-Gevaert AG is considering the introduction of short-time working for about 1,000 of its 5,000 workforce at Leverkusen and Muelheim plants in West Germany.

India refinery venture

A new oil refinery, designed by the Soviet Union to process 130,000 barrels of crude a day, will be partially commissioned in India's northern Mathura city next October.

Steel output up

West German crude steel production in May rose 10.7 per cent to 3.6 million tons from April. Pig iron production increased 9.8 per cent to 2.78 million tons.

Car sales drop

A total of 15,197 new cars were registered in Sweden in May, down 4,062 a year ago, the Swedish motor industrial association reported.

Insolvency record

A total 630 West German companies were declared insolvent in March, the highest for any single month, the Federal Statistics Office said yesterday.

Rising dollar will boost Chancellor's oil take

Minimal intervention to back pound

By John Whitmore and David Blake

While keeping a close watch on the behaviour of sterling in foreign exchange markets, because of its implications for our international competitiveness and inflation rate, the Government has stuck rigidly to a policy of minimal intervention in the market.

Such intervention as there has been has been relatively minor, with the sole object of smoothing out the wilder fluctuations in rates and preserving an orderly market.

The decision not to pursue an exchange rate target or to intervene heavily to resist a trend, in either direction, is based on two main thoughts.

First, exchange rate targets and intervention are considered to be incompatible with the pursuit of domestic money supply targets. It is felt that the latter must be pursued independently, with the external price of sterling left to find its own level.

Second, one of the main lessons the authorities learned from the Sixties and early Seventies is that official intervention to resist a market trend seldom works. Quite simply, market forces are too strong.

On the face of it, the United Kingdom looks reasonably placed in terms of gold and pound if it chose to do so. At the end of May, reserves stood at \$26,487m (equivalent at the time to £12,793m).

On the other hand, the United Kingdom Government and public sector still owe \$15,534m to overseas lenders, not really all that substantial when one thinks what

could happen in the face of really sustained pressure on the pound.

One only has to look, for instance, at the large non-resident holdings of sterling monetary assets that have been built up once again over recent years. Figures for overseas holdings of marketable United Kingdom public sector debt are not readily available because quite a lot of these holdings are hidden behind nominee holdings. But last December's annual Bank of England attempt to identify holders of the National Debt put overseas holdings at rather more than £6,000m nominal stock.

In addition, there are large overseas holdings of sterling bank deposits in the United Kingdom. These stood at almost £11,500m at the end of 1980, having doubled in just two years. Non-residents also hold sterling deposits in financial centres outside the United Kingdom.

It is no longer just what overseas investors may decide to do with their money that the authorities have to consider, however. Now that exchange controls have been dismantled, the United Kingdom residents too are free to switch their money out of sterling into overseas currency.

Resident holdings of foreign currency in London in fact have been building up quite fast recently, rising from £5,500m last autumn to just over £8,000m by this spring—though part of this rise will reflect the rise in the value of the foreign currencies held rather than further large-scale switching out of the pound.

The drop in the value of the pound is likely to bring a bonus to the Chancellor of the Exchequer. North Sea oil prices, like all prices for oil, are quoted in dollars so the sterling price of oil increases whenever the pound goes down against the United States currency. Over the past few months the pound has fallen by more than 17 per cent against the dollar. This is considerably more than the cut of around 54, or roughly 11 per cent, which is expected shortly in the price for North Sea oil in dollar terms. The sterling price of oil is thus unlikely to fall below the figure used in making Budget calculations earlier this year.

Over the next few months, however, a prolonged period of weakness in oil prices could lead to one of the Government's prime sources of revenue coming under pressure.

This year the Chancellor is expected to receive £5,880m from total North Sea revenues. He introduced a special new tax in his Budget which is expected to account for £1,000m of his receipts. The Government forecasts of revenue are based on the assumption that the dollar price of oil will continue to rise.

The net result of a drop in the value of the pound against the dollar will be to increase prices for petrol and other oil products on sale in the United Kingdom. Much of the benefit of this will go to the Chancellor because the United Kingdom is now self-sufficient in oil. The result is equivalent to an increase in indirect taxes on oil.

£17m commercial telecoms network planned for London

By Bill Johnston



Sir George Jefferson: net trying to encourage queue jumping.

A secondary telecommunications network costing £17m over the next three years, to be funded in part by special premiums paid by users, is to be provided by British Telecom for businesses in London.

Banks and financial institutions which will be the bulk of the customers for this service have indicated that they would be willing to assist in the financing.

Rooftop lasers and microwave radio links for carrying data and speech will be among the items offered on the service, which is expected to begin in September.

Most of the new network will use conventional cabling, but rooftop microwave links will be used where underground circuits are not available.

Sir George Jefferson, chairman of British Telecom, outlining the system yesterday, said: "Firms who want to avail themselves of these premium facilities will be able to get connected to the new network on a pay-as-you-go basis."

Sir George denied that British Telecom was creating a system which encouraged queue jumping by those prepared to pay extra for connexion to the network.

British Telecom emphasized that the scheme would be paid for largely by users and the premium system of payment

on information technology, chaired by Mr Timothy Bevan, chairman of Barclays Bank.

Barclays Merchant Bank is also in a consortium with British Petroleum and Cable & Wireless, which plans to operate a private data network similar to that of British Telecom.

Details of the premiums were not disclosed. But, along with any financial assistance given by the banks or financial institutions, they will help reduce the drain on British Telecom's investment capital.

This year's capital investment programme will cost £1,500m. In the past year £20m has been spent in improving the service on the ordinary public network in the London area.

The corporation claims that among other improvements the response time to an application for an international circuit has been cut from 18 months to 13 weeks and that for a telex from 18 months to five months.

At the beginning of the week the corporation announced board changes and the formation of a new organization called British Telecom Enterprises, which would be run by Mr Peter Benton, the deputy chairman designate of British Telecom, and would control all the activities of any subsidiaries set up by British Telecom.

Investment plea on services

An urgent review of Britain's poor performance in service industries has been urged by Mr Geoffrey Chandler, Director-General of the National Economic Development Council, in an internal memorandum.

Productivity in the United Kingdom service sector has been weaker than that of Britain's continental competitors, says Mr Chandler, and he suggests measures to facilitate the shift of resources into services. He says the NEDC should discuss whether existing mechanisms are adequate to ensure proper use of resources.

The memorandum states: "Apart from North Sea oil, services have been the fastest growing major activity in the last 20 years, and have been the principal source of additional employment in the United Kingdom."

Mr Chandler points out that increases in service employment have not absorbed redundancies and job losses in manufacturing industry. Because of differences in type of work, skill requirements and location, any continuing shift towards services in the future is likely to be accompanied by increasing levels of structural unemployment.

LETTERS TO THE EDITOR

Consequences of harmonizing the EEC laws on trademarks

From Mr Neville March Hunning

Sir, A short while ago the EEC Commission published the text of a draft directive and regulation to harmonize the Common Market laws on trademarks.

Among the many provisions of purely legal or commercial interest there is one to which attention should be drawn in literary circles who might be forgiven for imagining that this law was quite unconnected with them.

Publishers of dictionaries, encyclopaedias and similar works would be compelled by law to accompany "any reproduction of a trademark" with an indication of its trademark status (article 4 of the directive, article 9 of the regulation).

The interest of trademark owners in such a rule is clear.

They want to avoid popular marks becoming merely generic and descriptive; and that doubtless is why the Commission has received no objections to it from any of the interests it has consulted.

The rule is pernicious, however, on two grounds. First, trademark law should not overspill into fields outside its proper area of concern (competition between traders). Second, and even more important, freedom of the press requires that the only constraint upon the discretion of a dictionary editor should be scholarship. It should be his choice, in the light of the historical and literary evidence, whether to describe Photostat as "a trade name" and Yoyo as merely "a toy resembling the old bandolero". Under the proposed new rule, for instance, the Oxford English Dictionary would have to change its entry for "catapult tractor" in spite of the non-trademark origin of that phrase.

Dictionary editors suffer enough as it is from pressures by special interests to censor unfavourable definitions. It would be very dangerous to add yet another powerful group to their number. Writers and scholars owe no particular duty to trademark holders and such a duty should not now be introduced by legislation.

Yours faithfully, NEVILLE MARCH HUNNING, Editor, Common Market Law Reports, European Law Centre, 4 Bloomsbury Square, London WC1A 2RL, June 2.

Importance of marketing

From Mr Peter B. Blood

Sir, The textile industry's failure to understand the importance of marketing is highlighted by Mr Edward Pond in his letter (June 1). It reminded me forcibly of a visit I made some months ago to a large textile company in Lancashire. This company had no marketing or sales plan and I was told that if they had a corporate plan the chairman had probably written it on the back of an envelope. Unfortunately, as research shows, the absence of marketing know-how is prevalent in more than one sector of business in the United Kingdom.

Young designers who take their skills abroad probably do so out of sheer frustration. I find that many young business students cannot understand why so many senior British managers have still not grasped the fact that every business must not only survive its central activity the satisfaction of

customer requirements, it must also possess the necessary marketing skills to achieve this.

Despite my general concern, I am reassured to report that recent winners of our National Marketing Awards have included two companies involved in the textile industry—Dorma and Coleroll. These companies demonstrated that, by a combination of design skill and successfully applied marketing techniques, they were able to increase their company profits dramatically. Why is it that so many firms still fail to understand the connection between marketing ability and profitability?

Yours faithfully, PETER B. BLOOD, Director General, Institute of Marketing, Moor Hall, Cookham, Berkshire, SL6 9QH, June 2.

The CEBG's reactor plans

From Dr I. M. H. Preston

Sir, Mr David Green, in his letter published on May 27, raises in a misleading way the question "Exactly what size of PWR has the CEBG in mind?"

The CEBG's intention is that as much proven equipment as practicable shall be used in the first PWR constructed in the United Kingdom. Westinghouse already has in operation more than ten reactor units capable of producing around 1100MW(e) and has many more on order for commissioning before the first United Kingdom reactor. The recent performance of this generation of plant has not been indifferent as suggested.

We therefore based the United Kingdom design on the standard Westinghouse 3425MW (thermal) reactor supplying two turbine generators utilizing components proven on the well-developed 600MW(e) machines already in operation in the United Kingdom (eg electrical generators and low pressure turbines). This arrangement produces an output of 1190MW(e) gross and approximately 1120MW(e) net.

Yours faithfully, I. M. H. PRESTON, Director-General, Generation Development and Construction Division, Central Electricity Generating Board, Barnwood, Gloucester GL4 7RS, May 28.

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Computer frauds

From Mr Stanley Alderson

Sir, Your report, "Computer fraud is booming" (June 1), which referred to the important study made by Dr Kenneth Wong, of BIS Applied Systems, commented: "The financial institutions are becoming increasingly reluctant to make such frauds public and, although the culprit is usually (sic) dismissed from his job, charges are rarely preferred and on some occasions the chief has been provided with a reference to enable him to get another job." In other words, certain of our financial institutions do not scruple to be accessories after the facts of fraud, and are sometimes ready and covert accomplices to its further perpetration.

If our financial institutions are to regain public confidence, there must be legislation on the lines proposed by Dr Wong to compel notification of computer fraud to the appropriate authorities, is the Fraud Squad at New Scotland Yard.

STANLEY ALDERSON, 7 Highfield Avenue, Cambridge, CB4 2AJ, June 1.

Perrier launch of a UF Eau

From Mr P. A. Holloway

Sir, When Perrier launch their pilot hot air balloon, do they intend to follow their current advertising campaign by calling it "U F Eau"?

P. A. HOLLOWAY, 104 Eye Road, Wexham, Wokingham, Hants, May 28.

Lifeline for self-employed Insurance scheme to ease jury service

By Derek Harris

Jurors who can suffer financially when court cases they are called on to attend go on for weeks or even months have been thrown an insurance life-line.

It comes from the London-based Economic Insurance Company, British subsidiary of the French-owned L'Alsacienne Group, which normally writes life, motor, household and other traditional forms of insurance.

Mr John Ludlow, their accident underwriter, decided to offer insurance against loss of income or additional expenses arising from jury service after a recent fraud case in London ran for 137 days.

Most jurors, he said, called for about a fortnight of court hearings, find their cases last only a few days, but some can run for much longer. Mr Ludlow pointed out:

"As anybody who lately has been called for jury service will know, the cost of maintaining Britain's system of justice is often borne to a considerable extent by the 12 good people and true or more often their employers."

The self-employed in particular can be hard-hit and the removal of key executives from companies can lead to difficulties which bring little real recompense under the expenses rules operated by the courts.

Court allowances for financial losses are about £15 for a full day's jury service or half that for four hours or less. Anybody sitting on a jury for more than ten days can, at a court's discretion, get up to about £30 a day, roughly in line with the average national wage.

Jurors also get travelling allowances, including about 10p a mile for the use of a car. Or the court will pay bus or second class rail fares. There are also subsistence allowances intended to meet extra cost of meals and other incidental expenses that run daily from about £1 for a jury attendance of less than five hours to about twice that for a period not exceeding 10 hours.

The self-employed running a one-man business may not only find that earnings are lost but that longer-term the business may suffer.

Accountants among professional people have already emerged as buyers of the jury service insurance.

It is the first time jury service cover of this kind, which offers insurance of up to 200 per cent of income with no deductions for the expenses paid by the courts, has been offered in this form, according to Mr Ludlow.

Business appointments

Reed finance director

Business appointments

Mr K. J. Morton, currently treasurer of Reed International, has been appointed finance director from July 1. He will become a member of the executive committee. Mr J. D. Cornie will relinquish responsibility as finance director and be appointed chief executive of the building and home product area. He will remain a member of the executive committee. Mr G. S. G. Witherington will continue as deputy chairman and as a member of the executive committee of the company, but will relinquish his executive responsibilities for the building and home improvement product area. He will retire next April.

Mr Alan M. Edis has joined the Sigma Group board as commercial director. Mr G. W. D. Bealier and Mr M. C. S. Morgan have been named as directors of Kier International. Mr M. C. S. Morgan has resigned as a director of French Kier Construction.

Mr C. M. Winter, deputy managing director of the Royal Bank of Scotland, has been appointed to the board of the Royal Bank of Scotland Group.

Mr P. J. D'Angelo, president and chairman of Noonan, Askey & Pearce of New York, has been appointed to the main board of Reed Group, based in London.

Mr W. J. M. Bradbury has become sales and marketing director of the housing division of the Duchess of Devonshire.

Mr Michael D. Harvey has been made a director of Steinberg Group and Mr Alan J. Devine has resigned as a director.

Mr Mark Samuels, managing director of P-E Computer Services, has been appointed to the board of P-E International.

Mr Peter Wright has been appointed the United Kingdom marketing director of van Nieuwenhoeven, the Netherlands-based electrical/electronics group.

Mr Bill Davis, company secretary and financial controller, and Mr Soren Aarup, company general manager and alternate directors of PRIVA Banken, London.

Mr J. Campbell McGarvie is the new managing director of Control Dataset.

Mr Peter West has joined the board of Tempus International.

Mr Peter N. B. Waterman is now managing director of The Palfrey Company.

To the Shareholders of EAGLE STAR HOLDINGS LIMITED

**DO NOT
TENDER YOUR SHARES.
ALLIANZ'S OFFER OF A
MAXIMUM OF 290p
IS NOT ENOUGH.**

- * Your Company has net assets in excess of 450p per share
- * We have a strong capital base and have no need for a rights issue
- * We have an outstanding profit record—growth of 30% per annum over the last decade
- * The proposed dividend increase for 1981 is 42.9%



Eagle Star

BY THE FINANCIAL EDITOR

BP's downstream wounds

After the recent Shell figures spotlighting the intense pressure oil majors were under from weak product markets, there was plenty of trepidation about BP's first-quarter results. In the event, net income, down from £505m in the opening three months last year to £395m, was better than expected and the shares edged 4p higher to 374p.

But there is little comfort in the figures. Shell continues to be one of the main props with the dollar's strength helping to boost its contribution by £40m to £175m. The North Sea was also roughly the same as the final quarter last year with a draw-down of stocks in the period offsetting the higher tax take. Chemical losses outside the United States were also lower at £36m indicating that Shell may have been right in suggesting that last year's dramatic slump had at least stabilised. And finally BP has also benefited to the tune of perhaps £25m on its dollar currency holdings.

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£77m mostly due to good progress from Titar in the United States and Japan. Consumer products—up from £65m to £79m—have benefited from £6m less costs relating to Aquafresh, which is almost in profit in the United States, and a good performance from Jovan.

● *Eagle Star is mounting a stout defence against Allianz. Its letter to shareholders argues against the tender offer on two grounds: that it is too cheap and that a close association with Allianz will restrict Eagle Star's future moves to the detriment of shareholders, and that the advantages will all be Allianz's.*

● *The defence is bolstered in the classic style by promising a 43 per cent increase in the dividend to 21.4p gross. Shareholders might wonder why a dividend, which on Eagle's admission was always well covered, could not have been raised earlier. On profits, Eagle Star is more reticent, merely stressing that the dividend increase should not be seen as a guide to this year's results.*

● *But the main plank of Eagle Star's defence seems to be its net worth. Its conservative estimate, after taking investment (including property) and the life business into account, is £450p a share, well above the 290p tender offer and even further above last night's market price of 283p, up 4p.*

● *Perhaps the crucial argument, however, is over which way Eagle Star should be heading. The management evidently feels that a 30 per cent blocking stake would prevent the company from developing overseas business, especially where Allianz is also operating. There is also the fear that Eagle Star will come to be regarded as just an appendage of Allianz.*

Northern Foods Help from acquisitions

Northern Foods need not have worried about consumer spending after raising profits by nearly a quarter to £30.6m last year. As figures from Sainsbury and Marks & Spencer (both Northern customers) showed the public has spent heavily on quality foods, and even in beer and milk Northern suffered only a trifling drop in sales volume.

But here the good news in the figures for the six months to March comes to an end. Once the contributions from the United States newcomer Bluebird, and from Dorset



Mr Nicholas Horsley, chairman of Northern Foods.

Foods in frozen pies at home are taken out of the reckoning, Northern made little progress. In beer and milk price-increases can protect margins but this is not the case elsewhere. Bluebird is also having a hard fight against onerous United States interest rates and the difficulties of the meat packing industry. So Northern did well to produce interim pretax profits of £17.2m, around £1m more than outside estimates, against £14.8m after a fall in investment income (reflecting the sale of some gilt edged) and a rise in interest charges.

For the full year, Northern will probably suffer even more from pressure on margins, and from the cost of rolling over the £42.5m borrowed to help pay for Bluebird. The group plans to lower the proportion of debt to shareholders' funds from 48 per cent to 38 per cent this year, and it is stepping up spending on new capacity from £20m this year to £30m next in a drive to extend market share.

The absence of a cash call was a relief, and the shares rose 7p to 172p yesterday. But earlier hopes of the group making around £35m this year against £30.6m now look a shade optimistic.

Business News staff report on the trade conflict between Europe and Japan

Can the flood be stemmed?

Have five years of talks aimed at stemming the flood of Japanese goods into Europe really ended in total failure or is the European Commission just playing poker?

When Sir Roy Denman, the Commission's director of external relations, said on Tuesday that "the talks amount to pretty near zero...," was he slumping the door on further discussions with Japan (and by implication preparing to replace cooperation by confrontation) or was he simply hoping to shame the Japanese into concessions?

Sir Roy's talks with Mr. Kiyoshi Kikuchi, of the Japanese foreign trade ministry, have been broken off prematurely, but Mr. Zenko Suzuki, the Japanese Prime Minister, is due to visit Brussels on June 15 and 16.

Mr. Suzuki said in Tokyo yesterday that the Japanese government would help to solve as smoothly as possible the problem of rising Japanese car exports to the EEC, though it was, he stressed, chiefly a matter for the industries concerned.

Is this a partial concession in the face of Sir Roy's outburst or simply another in what has become a long line of conciliatory, but ultimately empty, statements by the Japanese?

The Brussels-Tokyo talks demonstrate very neatly one of the great weaknesses of the European Economic Community: its frequent inability to reconcile common good (the good of the Community as a whole) with the self-interest of its individual member-nations.

Trade is one of the areas where there is supposed to be an overall EEC policy, rather than a number of policies conducted by each of the member states. In practice, this has meant that the Commission in Brussels seeks a mandate to act on specific issues.

But there have been serious problems in reaching a common policy on such issues as the growing imbalance of trade between the Community and Japan is a serious problem. Over the past 12 months the Commission has advocated a "global" EEC strategy where it would be given powers by the member states to negotiate a completely new trading relationship with Japan in the so-called "sensitive" areas—industries such as cars, television tubes and certain machine tools.

This would mean "trading in"

various protectionist agreements that exist between some member states and the Japanese in return for a temporary shielding of weaker European industries from the full force of Japanese competition. The Commission, which is always anxious to pay lip service to the concept of free trade, argues that the shielding should be instituted only to allow the industry in question to restructure itself, in order to be able to face up to Japanese competition.

Undoubtedly, the most sensitive area at present is the car market, but here existing agreements limiting Japanese access to Europe highlight the Commission's dilemma. The Japanese have become adept at playing one European nation off against another. By offering concessions here and there to individual countries they weaken the chances of the Community as a whole reaching sufficient practical consensus (as opposed to pious statements of intent) to contain the Japanese threat.

In May the Council of Ministers called on the commission to discuss getting a Japanese commitment on subjecting exports of cars to the EEC to measures "analogous" to those negotiated recently by the United States. They wanted a further undertaking that there would be no diversion of cars from the United States to the EEC.

At the time Mr. Cecil Parkinson, the British trade minister, said: "What we are saying to the Japanese is that there is no more room on the European market for their motor cars."

These various points are being pressed by the Commission in talks with the Japanese that will culminate in the middle of this month, with Mr. Suzuki's visit, but apart from Mr. Suzuki's very ambiguous statement yesterday the Japanese have given scarcely an inch.

They clearly sense that there is not enough cohesion between the member states of the EEC. The individual countries have pressed hard for bilateral agreements with Japan, have unilaterally imposed restrictions. Italy allows only a few thousand Japanese cars on to its market each year; in France the Japanese share is kept down to about 3 per cent; while in Britain Japanese car sales are limited by an import licence system, the motor industry of the two countries.

TRADE BETWEEN THE EEC AND JAPAN (Converted into £m)

Imports from Japan	
1975	3,977
1977	5,012
1978	5,796
1979	6,329
1980	7,458
Exports to Japan	
1975	1,892
1977	2,021
1978	2,474
1979	2,994
1980	2,734

The apparent fall in EEC exports to Japan in 1980 is largely a result of the strength of sterling against the European unit of account last year.

Source: Eurostat.

So when the Commission complains about Japanese inroads into the West German or Benelux car markets, the Japanese—as happened only last week—turn round and say that they cannot possibly negotiate a deal with the EEC as long as national agreements exist. Moreover, they claim that countries like Denmark, Greece and the Irish Republic are keen to keep their markets open to Japanese cars.

So far, there is no sign that the member states are anywhere near resolving the differing interests of those countries with car industries which have an agreement with the Japanese, and those which do not (Germany, Belgium and Holland) and those with no car industries.

Cars are the principal and most visible worry, but the problem of Europe's trade imbalance with Japan goes far wider and the Commission's difficulties in negotiating block to block agreements are aggravated by the fact that Japan can claim that Europe imposes more quantitative restrictions (a total of 70 by the various member states) on Japanese imports than Japan imposes on goods from Europe (27 in all).

That certainly looks bad. But the restrictions are in many cases anachronistic and no longer valid. They apply, for example, to such things as meat, honey, umbrella parts, socks,

natural cork and horses), while the EEC claims that the Japanese restrictions are of importance (applying for instance, to food stuffs and leather goods).

The dispute over quantitative restrictions is linked to another important part of EEC policy, which is to get better access to the Japanese market. Here again the Commission has a hard time proving its case. Japan's average across-the-board tariff is slightly lower than the EEC's, but the Commission argues that it conceals some high peaks covering exports of interest to the Community.

These include dairy products, biscuits and confectionery, where the Japanese tariff is between 35 and 38 per cent and whisky (68 per cent). The EEC claims that its tariff is more homogeneous and therefore more liberal.

Another big bone of contention is non-tariff barriers to trade, where the EEC claims that abnormally strict Japanese regulations (on health and the environment, for example) keep out or obstruct competing EEC products such as pharmaceuticals, agricultural chemicals and electrical appliances.

Three times over the past year (November 25, 1980 and February 17 and May 19 this year) the Council of Ministers has issued statements on trade with Japan. The May one expressed "serious concern at the present state of trade between Japan and the Community and its likely future development," and said: "It is of special importance at the current juncture:—

—that the Community should emphasize once more to the Japanese authorities its preoccupations over the level and excessive concentration of Japanese exports in sensitive areas; and

—that the Japanese government should take positive steps to increase imports by Japan of Community products."

If Sir Roy Denman's experience is anything to go by—and he is the man who has to try to put flesh on to the bones of the policies outlined by the Council of Ministers and the Commission—then the EEC's pleas are falling on deaf ears.

Peter Norman and Malcolm Brown

How EEC countries are reacting to the Japanese threat

□ Britain's relations with Japan have reached a critical point. The Government, while underlining its commitment to the principles of free trade, is equally wedded to a negotiated settlement through the EEC. But the clamour from recession-hit industry for a much tougher line, including import controls if necessary, is rising.

The motor cycle industry "virtually disappeared" in the Japanese attack and industry-to-industry bilateral deals on cars, television sets and other consumer electronic goods are bending under the continuing strain. This year the industry deficit with Japan could reach £1,400m.

Pressure being exerted by industrialists on the Government to take a much tougher line is embarrassing ministers. Britain already has the main location for Japanese investment in Europe; and Nissan, Japan's leading motor manufacturer, will decide in the next few weeks whether or not to build a huge new plant in Britain.

Although imports of cars from Japan fell (in value terms) by almost 4 per cent last year, shipments of other goods rose significantly. Imports of non-ferrous metals, for example, increased by more than 634 per cent to £59.5m last year, inorganic chemicals by 86.5 per cent and metalworking machinery by 64 per cent, while "miscellaneous manufactures" recorded a 55 per cent rise, with a value of £117.5m.

□ Belgium has been traditionally one of the more liberal European countries in its approach to trade with Japan. This is partly because the government has been keen to foster Japanese direct investment.

It is perhaps interesting that the Belgian economics minister called in Nippon Steel to

When a country is subjected to a "trade shock"—and Japan has become expert at inflicting such shocks on most of us—then politicians become far more worried about the reactions of the domestic electorate (and such power groups as industrial associations, trade unions, etc.) than they are about appearing to be good Europeans. This is why it has become easy for Japan to treat any EEC initiative with less than urgency.

Large non-European countries, such as the United States, have been able to wrest commitments from the Japanese on problem areas like cars (Japan has reluctantly agreed to cut back on vehicle exports to America this year). The EEC has signally failed to get any pan-European agreements. Some small concessions have been made to individual European countries because of particular industries, but Japan uses such bilateral arrangements to argue that there is "no case for global European-Japanese pacts."

It is instructive to look at the way the individual members

of the EEC face up to the Japanese onslaught. All member states subscribed to the Council of Ministers' statement of November, 1980, and thereafter until May this year, which urged the Japanese to moderate their exports (particularly in "sensitive" areas) and called for better access to the Japanese market. But such statements have little meaning unless they can be backed up by all member countries acting in concert. Most member states of the EEC have their own reasons for falling short of that ideal.

Commerce, went out of his way to warn the Japanese against warning to Germany cars originally destined for America.

Otherwise, he said, Germany could be swept up in protectionist policies advocated by less liberal EEC member states.

□ Holland, like Germany, is heavily dependent on world trade and is therefore in the free-trade camp. But Philips has been affected by Japanese inroads into the television market.

The Dutch are also likely to benefit from an eventual restraint package for car deliveries to Benelux—which again weakens the EEC's hand.

□ Italy's trade deficit with Japan was gradually diminishing in the late 1970s. It went from 245,500m lire in 1977 to 136,100m in 1978 and 86,000m in 1979.

Then this trend was brusquely reversed by a deficit last year of 509,000 lire. Exports declined in lire terms (and even more in real terms after 20 per cent inflation) from 650,100 lire in 1979 to 605,800m lire in 1980, while imports jumped from 736,100m lire to 1,115,200m.

The Japanese made considerable inroads into the Italian market last year with increased sales of sheet steel, machine tools, telecommunications equipment and components, and motor cycles.

So far the government has stuck to its free trade principles, arguing that protectionism against Japan would be suicidal for a trading nation like Germany. But last week, when the captains of West German and Japanese industry got together for their seventh "German-Japanese economic round table," Herr Otto Wolf von Amerongen, the president of the German Association of Chambers of Industry, and

For years Italy has tried to protect itself with quotas on about 50 items, of which 14, come in the electronics sector. Car imports are limited to 2,500 a year. Other restricted goods include tin-plated iron, photographic film, spun silk, bed linen, umbrellas, ceramics, steel goods, cutlery, outboard engines, sewing machines, electric motors and toys. But the overall figures show how ineffective this policy is.

The Government has not had time to work out a new policy to meet the Japanese offensive, beyond supporting maximum coordination in the European Community. At present Signor Arnaldo Forlani heads a caretaker administration and is hardly in a position to take a strong line during the visit by Mr. Suzuki, the Japanese prime minister, later this month.

Barriers for Italian exports exist in specific sectors. For example, the Japanese have forced trade ministry, Japanese imports of leather footwear are subjected to a 27 per cent duty and to quotas whose size remains secret. Chemical products are restricted by special laws drawn up by the authorities.

Such barriers, officials say, will never be overcome unless the Japanese government shows a political will for genuine collaboration.

In so far as an Italian policy exists, it is much less opposed to joint research and collaboration in investment projects than a few years ago. Much private industry remains protectionist and Fiat has been in the forefront of those who see Japanese cars as a yellow peril for Europe.

But the state-owned Alfa Romeo has under way a joint venture with Nissan for a new car to be manufactured near Naples; and it has followed in the private sector by Signor Alessandro de Tomaso, who has gained Italian government permission to import Daihatsu engines for a new model to be assembled at his Innocenti works in Milan.

Reporters: Peter Hill (London), Peter Norman (Brussels) and John Earle (Rome)

Business Diary: The gasman stayeth • Fraternal meetings

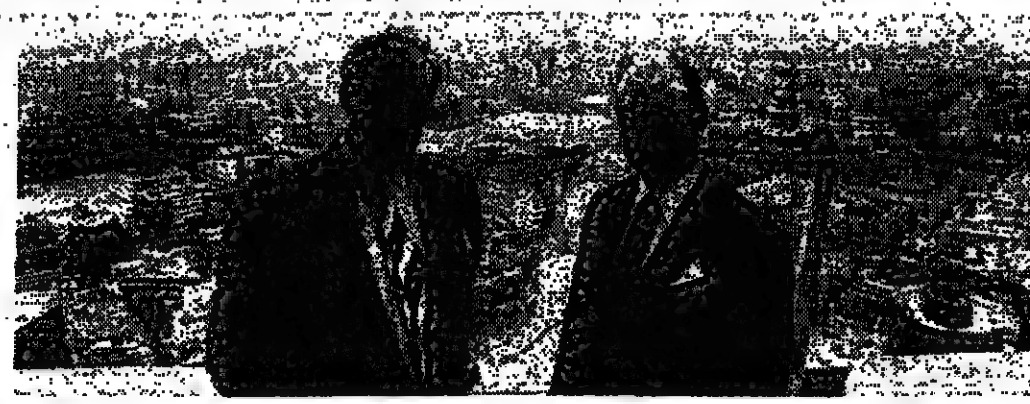
Energy Secretary David Howell has reappointed the two men at British Gas for further terms.

Sir Denis Rooke, the chairman, whose present contract runs to the end of this month, will now continue to 1986, a year in which he will celebrate the twentieth anniversary of his first appointment to the corporation. Similarly, deputy chairman Jack Smith has been reappointed for a two-year period.

Sir Denis, a formidable figure at present in the thick of the politicking going on over the planned gas-gathering pipeline project for the North Sea, continues to be a leading figure in the National Industries' Chairman's Group. He was heavily involved in the negotiations to organize a new pay mechanism for the state industry chiefs and board members.

At present, the gas corporation chairman receives £48,500 a year and his deputy £35,400. Under the new system where claims are filed with individual ministers—in British Gas's case with Howell—the Treasury and Civil Service Department maintain an overall surveillance—Sir Denis and his board members will shortly be due for an increase.

● For the first time since it was established in 1967, the National Economic Development Council is to have a female member, Rachel Waterman, deputy chairman of the Consumers' Association, will attend her first meeting of the council next month. She will replace Michael



The Bennie brothers do not suffer from vertigo, which is just as well, since they have a particular relationship with the National Westminster Bank Tower, Britain's tallest structure, to be opened formally by the Queen next Thursday.

Jack (left) and Ron, pictured here on the 41st floor of the City giant, both joined NatWest in the early 1940s when they were in their teens. Today Jack is general manager of its premises division, which will run the tower, and Ron is general manager of the international banking division which occupies the building.

Ron's office is on the 38th floor, while Jack's looks after NatWest's offices from another location, but both waxed lyrical about the structure yesterday.

It cost £82m in 1980 prices, exclusive of land costs of £4.1m, is 600 foot high and is believed to be the world's tallest cantilevered building. NatWest's previous headquarters did not include a visit to the top viewing floor, the 42nd—but revealed spectacular views of London and seven surrounding counties.

The bank has thoughtfully offered the vertiginous among its staff the chance of working elsewhere, or on the tower floors, but apparently there have been few takers.

● Phillips Petroleum, the oil people, have just published a wonderful new glossary of words and phrases used in the energy business which should enlighten those among us who are baffled by the industry's jargon. If you have ever wondered what "Rotliegendes" are, what they are up to when they are

"swabbing", or how to deal with the "tectonic process", the little Phillips book has the answers—even if it is sometimes a little vague.

For instance, under "monomer" the book has: "A simple molecule unit (such as ethylene or styrene) from which a polymer can be made."

Still, at least they are making an effort to throw a little light on one of the more misunderstood areas of our industrial life.

● Capital Radio, the London commercial station, has come up with a novel idea for selling more advertising, even if it does trust to the British weatherman for its success.

The station has decided to reach out for weather forecasts from the Meteorological Office at 3pm each afternoon and it will then offer advertisers special air time "packages" if the weatherman thinks that the following day's weather will reach 20 degrees Centigrade.

Keith Reynolds, Capital's marketing director, says that the target groups are those whose sales are up noticeably in warm weather, such as brewers and ice cream firms.

The unusual thing about the idea is that if the Mer man reckons that the required temperature will not be reached the next day then the packages will not be broadcast and advertisers will not pay a penny.

Mind you, if the weatherman gets it wrong and it rains cats and dogs, the ads still go out and have to be paid for.

David Hewson

When the Chancellor announced the Business Start-up Scheme in the Budget he succeeded in surprising the small business lobby.

The idea appeared to represent the kind of innovative thinking which campaigners had been calling for. Then a month later their hopes were dashed by the publication of the Finance Bill's seventeen pages were devoted to the scheme, all of them filled with conditions and restrictions which, by common consent, rendered it unusable.

Indeed a survey just published by the Conservatives' own Small Business Bureau reveals that 91 per cent of the top accountancy firms said they could not advise their clients to take advantage of the scheme or believed that a complete redraft was necessary.

In essence the idea is simple: individuals wishing to invest in the equity of a new business would be able to offset the investment against their income tax up to a maximum of £10,000 per year. Effectively the Government would be giving back up to £7,500 per year for every £10,000 invested. But the simple concept was

crippled in the drafting process by the desire of the Inland Revenue to prevent its becoming simply a vehicle for tax avoidance and its exclusion of retailing and wholesaling.

The latter point remains unchanged but on the technical restrictions the Treasury has now largely climbed down to meet the objections.

Effectively they had no choice. A barrage of criticism has descended on the scheme from businessmen and accountants since the publication of the Finance Bill. This barrage centred on three problems with the scheme: its complexity, its limitation and its uncertainty.

Complexity is unlikely to be alleviated by these latest changes. The scheme must cover so many eventualities and contingencies that complexity is inevitable, says the Government.

The key limitations—the exclusion of dealers in goods—remain, but in the areas of the structure of the company they have now been substantially eased.

But uncertainty still dogs the scheme. This centres on the question of clawback of the relief by the Revenue. An

investor may put his money into a business which clearly qualifies as far as he and his accountants can tell. But since he cannot have control of the company he could find it taking steps beyond his control which would disqualify him for relief.

Thus a manufacturer which decided to become a dealer in goods would render its investor liable for a tax clawback of the relief he had claimed.

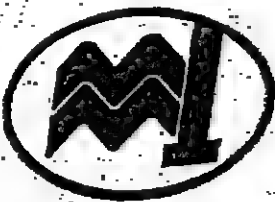
Some of the worst effects of this have been eased by the reduction from five to three years of the period over which clawback can be imposed but a large element of doubt persists.

It remains to be seen whether the Government has gone far enough. One key element in assessing this will be the extent to which advantage is taken of "marriage brokers" (agencies specializing in bringing together entrepreneurs and private capital) and investment clubs (where groups of investors club together to provide more substantial stakes while retaining their full individual relief under the scheme).

Bryan Appleyard

This advertisement is placed by S. G. Warburg & Co. Ltd. on behalf of Thos. W. Ward Limited

Thos. W. Ward Limited



To the ordinary shareholders of

TUNNEL

Accept Ward's increased offers now. These offers are final and will not be increased.

Your acceptance must be received by 3p.m. on Monday, 8th June, 1981.

Ward's offers are worth:-

- 476p* if you accept the BASIC TERMS
- 517p* if you exercise the SHARE ELECTION
- 435p if you exercise the CASH ELECTION

Ward's offers are the only offers for your shares—there is no offer from RTZ who in our opinion, are trying to stop Ward's offers succeeding.

ACCEPT NOW AND PRESERVE THE VALUE OF YOUR INVESTMENT

*Based on the middle-market for a Ward ordinary share for 128p at 11.30 a.m. on 4th June, 1981

The directors of Thos. W. Ward Limited have taken all reasonable care to ensure the facts stated and opinions expressed above are fair and accurate and they jointly and severally accept responsibility accordingly.

FURTHER EXPANSION FOR TRING HALL SECURITIES

At the end of another highly successful year Tring Hall Securities announce an increase in profits of almost £0.5 million—as well as increased shareholders' funds, earnings per share and dividends.

Commenting on the year's progress, Chairman D.G. Hanson described these results as "very satisfactory," adding that "a flow of good business..." had "continued throughout the year without abatement." For the second year running the company had dealt with more equity issues than any other house operating in the London market.

The introduction of the Unlisted Securities Market in November was received with particular enthusiasm. It was, said Mr Hanson, "a major step in the development of capital markets in the United Kingdom" with new regulations enabling smaller and emergent companies to secure a market

for their shares within the Stock Exchange yet without the costs and additional requirements attending a full listing.

With just five months of the new financial year having elapsed, Tring Hall are still witnessing a consistently encouraging flow of new business and have welcomed a number of enquiries connected with applications for full Stock Exchange listing, as well as maintaining their excellent relationships with existing companies.

The increased capital base now in excess of £4 million enables the company to deal with substantially larger issues, and it is anticipated that satisfactory progress will be maintained in the current financial year.

If you would like to know more about Tring Hall Securities and the services they offer, complete and return the coupon below.

Tring Hall Securities Limited

40 Bucklersbury London EC4N 8BD.

I would like to receive further information on Tring Hall Securities. Please send me:

☐ a copy of the Tring Hall Securities Annual Report for 1980.

☐ further information on the Unlisted Securities Market.

NAME _____

POSITION _____

COMPANY _____

ADDRESS _____

FINANCIAL NEWS

Stock markets

Exporters soar as pound sinks

The sharpest drop in sterling against foreign currencies for two and a half years had conflicting effects in the market yesterday.

Dollar earners and exporters likely to benefit from a low pound reared away but equities with more to fear from its weakness and worries over inflationary pressure eased to lower prices.

Predictably the worst casualty was the gilt market on fears of higher interest rates and inflation. Heavy selling started early in the morning on the news that sterling had slumped by 63 cents to \$1.95, leading to losses of up to £2. Jobbers reported investors moving quickly out of government securities on the now strong fears that higher interest rates are on the way.

Most leading equities were in heavy demand on the back of the boost to industry—particularly insurance brokers—and by mid-morning had firmed up to score smart gains. After a 12 rise to 547.9 at 10 am the FT index gathered impetus to add 4 points within an hour. By noon it was 7 up at 553.7 on the day and at 3 pm up another 1.2 before closing at 555.6, a rise of 8.9. The change on the account from last Friday is 13.1.

In the gilt market, longs were cut by £2 as investors sold on interest rate fears. After a brief rally in the afternoon they closed back down by £2. Shorts were not so badly hit, with falls of £1. Again, a rally was short-lived and shorts closed down by up to £1.

Among the blue chip companies, those with US interests were given a long-awaited boost.

Glaxo put on 8p to 364p and Unilever scored an 11p rise to 571p. ICI drew more strength from the fall of the pound against the Deutschmark and the shares gained 6p to 290p. Rank Organisation rose 10p to 192p, Reckitt & Colman 14p to 162p, Boveri 8p to 265p and BAT Industries 8p to 368p. After results at the top end of expectations, Becham added another 6p to 205p. The previous night it had gained 9p after the announcement of the go-ahead for the new Augmentin drug. Tube Investments firmed 2p to 172p and Vickers 1p to 181p. Hanson Trust added 9p to 283p.

But the big gains came from the insurance brokers who are in the best position to profit. Brokers C F Heath advanced 15p to 271p, Willis Faber 25p to 355p and Sedgwick Forbes 13p to 144p.

Otherwise the composite insurances were firmer because of the German Allianz assault on Eagle Star on Monday. After Eagle's defence document yes-

terday, and news of a higher dividend, the shares put on 4p to 283p, but Guardian Royal Exchange rose 10p to 302p, General Accident 8p to 318p, Commercial Union 7p to 171p, Royal 13p to 396p, and Phoenix 8p to 270p.

Cautious American buying of Rothmans shares has put a mild spark into the price since the deal between Rembrandt Group and Philip Morris set the shares alight. They were 1p firmer again last night at 66p. R. J. Reynolds, thwarted bidder for Rothmans, says: "We can add nothing to our last statement." That was: "No comment."

Companies reporting took rather a back seat, but jobbers are now revising future results upwards after the pound's fall. BP's results were also better than expected, and its shares firmed at one time 6p to 376p to ease back to 374p. The rights issue from Flight Refuelling left shares 4p lower at 326p but

profits in line with forecasts saw Northern Foods ahead by 6p to 172p. Lower profits, but an increased dividend, saw Century Oils dip 42p to 734p.

After poor figures on Wednesday, Comet Radiovision dropped another 10p to 146p but further consideration of good profits kept Martin the Newscast climbing another 8p to 262p. Equity turnover for June 3 was £130.473m (bargains 14,212). Active stocks yesterday, according to the Exchange Telegraph, were: BP, Eagle Star, Becham, Reckitt and Colman, British Aerospace, Royal Insurance, Mairhead, Rank Organisation, CE Heath, Rascal, Unilever, Philips Lamps and Commercial Union Assurance.

Traditional options: Dealers reported quiet conditions yesterday. Calls were made in ICI, Mersey Docks, Tiger Kemsley, Electronic Resources, and British Land.

Traded options: A total of 1,327 contracts were arranged. BP completed 63, Commercial Union 177, Courus 13, Lasso 7 and Lombar 167.

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
£m	£m	£m	per share	pence	date	total
Int. Fin.	18.5(21.6)	0.28(1.14)	2.92(9.6)	NH(-)	21/8	0.1(2.3)
Airflow (F)	1.195(1.028)	150.6(136.8)	13.55(12.4)	3.5(3.25)	21/8	6.7(6.33)
Becham (F)	5.772(5.488)	355(305)	24.8(22.6)	1.1	21/8	1.1
BP (F)	52.18(50.0)	1.36(1.34)	4.5(4.2)	2.0(1.85)	8/9	2.8(2.25)
Century Oils (F)	23.6(24.8)	1.36(0.34)	4.5(3.2)	(-0.5)	—	(-0.5)
Culter Guard (F)	151.57(172.37)	14.7(12.2)	5.6(7.2)	3.14(3.14)	31/7	4.3(4.3)
Elec Rentals (F)	42.5(48.7)	2.1(4.4)	6.0(11.0)	2.5(2.5)	28/8	(7.5)
Hickson & Wick (I)	21.2(21.2)	1.3(1.0)	1.3(1.0)	3.8(3.2)	—	5.6(5.0)
ICI (F)	29.13(32.5)	0.5(3.3)	0.4(4.8)	(-)	—	(-7.5)
Morgan Crucible (F)	362(257)	17.19(14.8)	7.3(6.14)	1.8(1.6)	28/8	(-3.7)
Northern Foods (I)	—	1.44(1.39)	(-7)	1.0(0.85)	13/7	3.6(—)
J. Smart (I)	9.2(7.37)	0.86(0.74)	(-)	(-)	1/7	(-)
Utd Electronics (F)	1.4(1.38)	0.12(0.18)	8.37(10.03)	2.1(2.1)	—	3.5(3.5)
Whittington (F)	—	—	—	—	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pretax and earnings are net. *—Adjusted for scrip. †—Forecast for year. ‡—First quarter. §—Net income.

Briefly

Trans-Oceanic Trust: Pretax profit for six months to April 30, £709,500 (£762,000) net. Assets applicable ordinary capital £40.57m (£27.83m), and value per share 337.9p (£21.8p). Interim of 2.5p (same). A two-for-one scrip issue proposed.

Ladbroke Group: Mr Cyril Stein, chairman, told annual meeting that group profits to date are satisfactory and he was confident of another good year. Shareholders have approved the formation of a new property organisation in the United States and the arrangements with Mr Kurk Kilstock and his family interests.

London and Continental Advertising Holdings: Mr John Goffar, chairman, told annual meeting that company was heading for another record year's profit. Group had made a good start to year with business substantially in excess of budget.

Seafarmer and South Shields Water Co.: Offer for sale by tender of £5.5m 8 per cent redeemable preference stock, 1987. Minimum price of the issue £38 per £100 stock. Applications received for about £108,000 of stock and underwriters will be required to take up balance.

Astra Fireworks: Industrial and Commercial Finance Corporation is financing purchase of Astra Fireworks and Page for £806,000. Purchaser is Haloberry, a new company financed by ICF and the new directors and management of Astra and Andrews and Page.

Sola Resources: Allied Irish Investment Bank said that applications for 79.3m shares were received in respect of the 12m ordinary shares offered for sale. This represents a subscription of 6.6 times the shares available.

Bremer Trust has completed arrangements with Mr R. J. Frost to participate in his petrol retailing business carried on through Look service stations. Look is principally engaged in the acquisition, development and operation of self service petrol stations.

Electronic Rentals advances

By Peter Wainwright

Electronic Rentals, one of the big four television rental groups and known in the High Streets as Visionhire, did a bit better than most observers expected in the year to March 31. It reported pretax profits of £14.74m against £12.22m and outside estimates of £14.5m.

At the halfway stage profits were £7.4m and shareholders were told of the impact of high interest rates, recession, and problems in camping and leisure. Redundancy costs were being written off against profits.

In the event, pretax profits were held back by a rise in depreciation of £2.2m to £46.2m and a modest advance in interest of £400,000 to £13.1m, reflect-

ing huge borrowings. Before striking pretax profits the group deducted only £78,000 against £3.73m in "exceptional" items and after provisions of £3m against nothing were made against "future disposal and closure loss".

The exceptional items represented the cost of streamlining acquisitions in Australia and South Africa of television rental assets. The after-tax provisions reflected losses that are expected to rise on disposing or closing Europleasure, and Dudes UK, both in leisure and industrial clothing. The two companies have lost money for years.

A divisional analysis shows that of profits before interest, exceptional, and tax of £27.9m

(against £28.6m) United Kingdom rental profits were £24.4m against £23.9m. The net cash flow, comprising profits after tax, minorities and depreciation, rose slightly from £52.3m to £56.9m.

Electronic Rentals is a reasonably direct way into the renting of television sets and video recorders. Philips NV, the Dutch electrical giant, has around a third of the shares and the hope is that Electronic will catch up competitors who rented out Japanese video recorders before Philips had their own model on the market. This autumn also sees the launch of Philips's video disc system.

The shares hardened 2p to 114p yesterday.

Leigh lifts dividend despite tough trading

By Peter Wilson-Smith

Leigh Interests, the Black Country waste disposal expert which is hoping to offset the impact of the recession by setting up worker co-operatives to take domestic waste disposal out of the hands of local authorities, reported a slight rise in profits from £1.10m to £1.15m in the year to March 31.

Group sales were unchanged at £21.2m, although both sales and profits fell during the second half. Second-half profits of £562,000 from £540,000 reflecting both initial losses with acquisitions and the deepening recession from last October onwards.

Mrs Joan Agar, chairman, said that results for the first two months of this year were well down, and profits for the

first six months of the year could well be lower. Despite the difficult trading climate, Leigh has still raised the final dividend from 4.81p gross to 5.43p, leaving the annual payment up by 12.6 per cent to 8.04p.

Leigh said that, following last year's £2.5m issue of convertible loan stock, it has been able to continue with its capital spending programme, which totalled £5.44m last year, and keep a strong balance sheet. Year-end bank borrowings were virtually unchanged at £1.25m. Acquisitions during 1980-81 depressed group profits by about £100,000 but following rationalisation and reorganization these businesses are now trading profitably.

RTZ increases stake in Tunnel Holdings to 9 pc

Rio Tinto-Zinc yesterday increased its stake in Tunnel Holdings to 8.9 per cent of the "B" shares, giving it 6.3 per cent of the equity vote. A spokesman reiterated RTZ's earlier statement that it has no plans to make a counter-bid for Tunnel, which is fighting a cash-and-paper offer now worth 476p, or 435p a share — cash bid, from rival cement manufacturer Thomas W. Ward.

RTZ's investment in Tunnel, which claims RTZ is trying to frustrate the offer for its own commercial reasons. But RTZ's intervention was welcomed earlier this week by Mr Derek Birkin, chairman of Tunnel, as support for Tunnel's efforts to board insists this does not recognize the company's true value and potential.

BHS

Highlights from the Statement by the Chairman, Sir Jack Callard:

- Total operating expenses contained despite fixed costs escalation.
- Second half profit recovery in difficult trading conditions.
- £137 million property valuation shows £49 million surplus.
- Continued investment for growth and development.

Results (per historical cost convention)	53 weeks to 4th April 1981 £000	52 weeks to 29th March 1980 £000	Change %
Sales (inclusive of VAT)			
Merchandise	350,653	314,932	+11.3
Food	74,929	63,460	+18.1
Restaurant	26,643	22,863	+16.5
Total	452,225	401,255	+12.7
Sales (exclusive of VAT)	410,099	366,346	+11.9
Profit before taxation	39,658	41,829	-5.2
Profit after taxation	27,806	30,761	-10.3
Dividends per ordinary share	4.5p	4.375p*	
Earnings per ordinary share (historic)	13.5p	15.0p*	

*Adjusted for capitalisation issues.

BRITISH HOME STORES

FINANCIAL NEWS

Flight Refuelling seeks £5m for US takeover

By Catherine Gunn



Mr. Michael Cobham, chairman of Flight Refuelling.

Aircraft equipment manufacturer Flight Refuelling is to raise £5.15m in a one-for-six rights issue at 22.5p a share to pay for a United States acquisition. The shares dropped 8p to 32.75p yesterday morning after the news.

Flight Refuelling announced its plan to buy Colorado aircraft components group Stanley Aviation in April. By then it had built up a 44.3 per cent stake in the quoted United States company, at \$24 a share, the price now on offer to the rest of Stanley's shareholders. The total consideration for Stanley's capital is \$10.6m — about £5.5m at yesterday's exchange rate, of which about £2.5m has already been paid out of the existing share stake.

Stanley shareholders will meet in the first week of July Flight Refuelling's shareholders.

man of Flight Refuelling, expects the takeover to be effective from mid-July.

Stanley's profits will be consolidated from then on, and until then will be shown as associated company profits. It made \$1.5m in the year to June 30, 1980.

At Flight Refuelling, trading in the first four months of this year, to December 31, has been slightly better than a year ago, although conditions remain depressed. The board intends to recommend a total dividend of not less than 5.36p gross for the year, on the increased, post-rights issue, capital. This reflects the historic dividend cover, Mr Cobham said, and is not an indication of this year's likely profit.

Directors control roughly 26 per cent of Flight Refuelling. Overseas companies have investments now has 10 per cent of the shares.

have an extraordinary general meeting for the same purpose on June 12. Dealings in the rights issue shares should start the next day.

Mr Michael Cobham, chair-

United Ceramic for USM

At F. Miller (Textiles) Mr P. Miller, chairman, says in his annual statement that growth in turnover last year was rather small but the potential for the future, given the right economic conditions, was certainly far greater. He considered the volume of the plant at full production could be nearly doubled with profitability most certainly keeping pace.

United Ceramic Distributors has issued a prospectus in connection with the placing by certain of its shareholders of 415,000 existing ordinary shares at 80p. This represents some 17 per cent of its ordinary capital. Application has been made to the Stock Exchange for the shares to be dealt in on the Unlisted Securities Market.

Caparo sells stake in Barrow

Barrow Hepburn Group has been informed that Caparo group has sold its remaining holding of 2.74m shares. Since Caparo now owns no ordinary share in BHG, Mr Swraj Paul, chairman of Caparo, has resigned as a director of BHG.

Some 2.2m shares in BHG are now owned by the M and G Recovery Fund and Lendon Trust Co has 55.4m (22.68 per cent).

Airflow loss for year

Airflow Streamlines has made a loss of £282,000 for the year to February 28, against a pre-tax profit of £1.14m. Turnover went down from £21.6m to £18.6m.

The board says that both divisions continue to be affected by the current recession, particularly the production section of the manufacturing division.

The board remains confident that progress will be resumed when the economy recovers from recession.

British Dredging closures

British Dredging, the Cardiff-based group whose chairman Mr Fane Vernon has said he is looking for a considerable increase this year, has told shareholders that it intends to close two operations with the loss of 65 jobs.

Mr Vernon told the group's annual meeting that it was board policy to eliminate unacceptable loss-makers and that it has decided to close or dispose of Channel Construction, Avonmouth, and its associate company, Channel Joinery.

Guthrie holds payout despite downturn

Depressed commodity prices and losses in its British carpet interests caused 1980 pre-tax profits at Guthrie Corporation, the trading and plantation group, to fall by £3.5m to £24m. The final dividend was maintained at 30p gross, making 42.5p gross for the whole year, also the same. Earnings per share were 27.3p against 38.5p.

But for the first time in several years the corporation is striking an optimistic note. Mr J. Guthrie, the joint managing director, said that the main weight of management's mind was the reorganization of the Scottish carpet interests, which had been consistent loss makers. Pre-tax profits were struck after they lost £3m last year.

At a reorganization cost of £6m taken below the line and leading to a deficit in retained earnings, the carpet operations have been merged with Stoddard Holdings, a separate, publicly quoted Scottish carpet maker. Guthrie has 40 per cent of the reorganized company.

Lloyds Bank has 59% of Lloyds and Scottish

Lloyds Bank announced yesterday that it now owns 59.17 per cent of Lloyds and Scottish Bank, the largest independent hire purchase group for which it launched a bid costing £145m in March.

On the day the takeover was announced, Lloyds Bank already held a 39.26 per cent stake, and launched a swift stock market operation to buy 10.5 per cent more. Together with a 0.3 per cent stake held by an associate, Lloyds Bank had control of the group by the afternoon.

Acceptances for its offer came in from holders of 10.64m shares representing 8.96 per cent of the equity. These acceptances give Lloyds Bank an acceptance level of 85.12 per

cent of the shares they needed to secure.

But still outstanding is the 39.26 per cent held by Royal Bank of Scotland. It is currently the subject of a takeover bid from Standard and Chartered being investigated by the Monopolies Commission. It has told Lloyds Bank that it intends to defer any action regarding its holding until the Monopolies Commission has reported and the Government has made its recommendations.

After the merger is permitted, Royal Bank of Scotland will accept the Lloyds offer in loan stock.

"In any other situation, RBS will decide whether or not to accept similar terms in the light of circumstances then prevailing", Lloyds says.

Hickson and Welch tumbles

Sizeable losses in part of its chemical division have halved the pre-tax profits of Hickson and Welch Ltd of Castleford, and a sizable loss at James Robinson & Co. mean the overall contributions from chemicals dropped from 60 per cent to 40 per cent.

Marginal improvements from the timber business, which effectively doubled its share of group profits to 50 per cent, and a slight improvement from the building materials side prevented profits from sliding still further. The group does not expect full-year profits to match last year's £6.8m.

Rickson has cut its capital spending programme from a likely £7m to £4m of which £2.8m will be spent in the UK.

The workforce in chemicals is also being cut by 10 per cent from 1,200. Although some are early retirements, redundancy payments in the first half came to £128,000. For the full year, Hickson expects total payments to reach £250,000.

Turnover for the opening half dropped from £48.7m to £42.5m. Trading profits came down from £4.9m to £2.4m. After closure costs and a lower interest charge—Hickson has kept borrowings at last September's level—profits fell to £1.93m.

Whittington down after strike

Chesterfield-based Whittington Engineering, which makes conveyors and mechanical handling equipment for the British market, saw its pre-tax profits fall from £184,000 to £127,000. This reflects difficult trading conditions, and a strike, during its year to March 31, 1981. But the dividend has been maintained at 5p gross.

Guthrie Corporation

Chairman's Statement by Mr. Mark Gent, OBE

Preliminary results for year to 31 December 1980		
	1980 £000	1979 £000
Operating Profit—		
South East Asia	21,680	25,940
North America	5,568	5,883
Europe	(220)	295
Australia	660	421
Africa	1,566	278
	29,254	32,817
Interest	5,240	5,313
Profit before taxation	24,014	27,504
Assets attributable to ordinary shareholders	201,005	207,341
Earnings per ordinary share	27.3p	38.5p

Highlights

1980 was a watershed in the history of the Corporation.

Among the highlights were—

- The purchase from Dunlop of Angus Fire Armour which, together with the group's existing interests in this field, makes the Corporation one of the world's largest fire protection organisations, with manufacturing activities in all five continents.
- The resolution of the Corporation's major problem in the last decade, with the merger of its Scottish carpet interests into Stoddard Holdings Limited.
- The closure of a number of other loss-making activities in the United Kingdom.
- The decision to strengthen the agronomic profile by extending plantation operations outside Malaysia, initially in Mindanao in the Philippines and Hainan in the People's Republic of China.
- The sale by Sime Darby of their entire holding in the equity of Guthrie, ending two years of uncertainty.

Although the cost of closures and of the transfer of the Scottish carpet assets has been very heavy, the alternative was to continue to carry debilitating losses with a considerable commitment of management time.

Results

Profit before taxation was £24.0 million in 1980, compared with £27.5 million in 1979.

For the second year running, the impact of the strength of sterling at 31 December, the date of translation of profits made in overseas territories, has been dramatic.

Had the pre-tax profits for 1980 been translated at rates ruling at 31 December 1979, they would have been approximately £26 million. In a year of recession in the industrialised world, and with substantial changes in the group's structure taking place, this may be considered to be generally satisfactory.

The Scottish carpet interests which have been merged with Stoddard Holdings, together with those operations terminated during the year or in the early part of 1981, made a loss of £3.0 million. The profit before taxation of £24.0 million is struck after deducting this loss.

Extraordinary losses, relating to the transfer of the Scottish carpet businesses and to the termination of other operations, amounted to £6.0 million.

Dividend

An interim dividend of 9p per share was paid on 1 April 1981.

The Board's recommendation is that the final dividend should be 21p per share, making a total dividend of 30p per share (1979: 30p). Although this would not be fully justified when considered against the results of 1980 alone, it reflects the Board's confidence in the future prospects of the Corporation.

Taxation

The overall taxation charge includes £2.7 million of Advance Corporation Tax. The major changes which have taken place in the industrial and commercial base of the group's UK operations should lead to a progressive diminution in the cost to shareholders of this punitive tax on companies, which, like the Corporation, are primarily invested overseas.

Current Cost Accounting

A very high proportion of the Corporation's consolidated assets and profits are located and earned outside the UK. To a significant extent appropriate local indices for cost inflation are not available as a basis for the adjustment required to produce CCA figures. Your Board has concluded that figures based on arbitrary assumptions would not have any real meaning and would be misleading. Moreover, there are also circumstances in certain territories where the publication of CCA figures could operate against the interests of shareholders.

In consequence, CCA figures have not been published with the preliminary results for 1980 and will not be included as a supplement to the annual accounts.

Your Board's decision was reached after careful consideration of all the issues involved and after extensive discussions with institutional investors, the Corporation's auditors, Deloitte Haskins & Sells, and other advisers.

Had it been feasible to produce CCA figures, the probable effect would have been a reduction in consolidated profit before taxation but an increase in consolidated shareholders' funds.

Shareholders

Sime Darby's entire shareholding in the Corporation was transferred on 15 December 1980, principally to Permodalan Nasional Berhad (National Equity Corporation), incorporated in Malaysia, which has now become the single largest shareholder with approximately 25% of the issued ordinary shares.

I would like to take this opportunity to thank all shareholders, large and small, who have continued to support the Corporation, particularly in recent years when its independence has been threatened.

Plantations

In the light of a substantial reduction in the price of palm oil in the second half of the year — at one stage it had fallen from a peak of over \$81,000 per tonne to under \$8,800 per tonne, the lowest level since 1976 — the results for the plantation activities were good.

As has previously been pointed out, the price of palm oil has a considerable impact on profitability in the plantation sector. The average price achieved by Kumpulan Guthrie, well over \$9,000 per tonne, reflects considerable credit on the marketing organisation.

Total oil palm crops again increased, by more than 10%, with higher mature acreage primarily responsible.

The price of rubber remained stable throughout 1980, but output was somewhat lower as acreages planted to rubber were reduced.

Guthrie Ropel owns 56,800 planted acres, about one-third of the Corporation's total interests in plantation land in Malaysia. In accordance with the policy agreed with the Malaysian Government, 40% of Guthrie Ropel is owned by local investors. Reflecting the rather lower palm oil price achieved in 1980, Guthrie Ropel reported a reduction in profit before taxation from M\$28.9 million in 1979 to M\$24.6 million in 1980.

During 1980, Guthrie Ropel announced a joint venture with the Negri Sembilan Development Corporation to develop a 5,000 acre rubber estate at Kuala Pilah. Guthrie will be responsible for management of the estate. This is the group's first significant development of new rubber land for some time and reflects confidence in the future of natural rubber.

Although the escalation in the value of estate land in Malaysia has continued, the Board does not consider it desirable or economic to have an annual revaluation, except in circumstances where to do otherwise would be detrimental to shareholders' interests. The values included in the balance sheet are those at 31 December 1979.

My statement last year announced a joint venture in the Philippines, in partnership with the National Development Company of the Philippines, to develop 20,000 acres of oil palms at Agusan in Mindanao. By the end of 1981, just eighteen months later, well over 4,000 acres will have been planted. We are fortunate to enjoy a close and harmonious working relationship with the Government and our partners.

In October 1980 we entered into a joint venture agreement with the Overseas Chinese Enterprise Corporation and Singapore Investment interests to develop 20,000 acres of oil palms on Hainan Island. The project is the first of its kind in the People's Republic of China.

The reputation of Guthrie International Plantation Services continues to grow. Its consultancy activities and management services are now in demand around the world, both for plantation development and turnkey processing facilities.

These activities have been extended by the acquisition of a majority stake in Minister Agriculture Limited, whose expertise is in the evaluation and project management of a complete range of agricultural and horticultural developments worldwide. In recent years Minister has built up a considerable reputation for its professional approach to project analysis and management. We are pleased, therefore, to have had the opportunity to broaden the scope of our activities in this sector.

The group, which has experience in fifty territories, now has the ability to advise on and manage a total range of agronomic development projects.

The new developments which are described above, and other projects under investigation, are designed to counterbalance the effect on plantation profits of the progressive programme of Malaysianisation agreed with the Government in Kuala Lumpur. During the period to 1990 the Corporation's participation will be reduced to 60%. The group's strategic policy is, as a minimum, to maintain profits from agronomy, its area of greatest expertise, by extending into other territories and related activities.

Guthrie Berhad

Guthrie Berhad increased profit before taxation from \$310.7 million in 1979 to \$311.1 million in 1980. Results were affected, to some extent by the steady drift away from parity of the Singapore dollar and the Malaysian ringgit, which led to exchange losses, and by higher interest costs.

The company has been undergoing major changes, particularly in Malaysia, as associates not directly managed by Guthrie Berhad replace wholly-owned subsidiaries.

Discussions have begun recently which could materially affect the future development of Guthrie Berhad and its relationship to the Corporation.

United States

The results of the Ajax group were again highly satisfactory.

While the basic business, induction furnaces — in which it is a world leader — held its own, excellent performance by some of the lesser-known subsidiaries contributed substantially. Lectrodryer, which manufactures dessicant dryers, and Control Transformer, a specialist transformer manufacturer, both had a very good year indeed.

The Ajax furnace manufacturing subsidiaries in Canada and the UK also contributed higher profits.

Canada

With the exception of Trench Electric, which continues to improve its reputation and profitability, the second half of the year was very difficult for the Canadian companies.

Highway Trailers, in common with the trailer industry as a whole, experienced a dramatic fall-off in activity.

The auto-parts industry, which represents a substantial part of the sales of Butler Stampings and Butler Polymet, also deteriorated as the year progressed.

Angus Fire Armour

Shareholders have been aware of the Corporation's need for a substantial tranche of UK profits if the worst deprivations of unrelieved ACT were to be avoided. However, it has been apparent that existing activities in the UK were not satisfactory for the achievement of such an objective and that an alternative base was necessary.

Guthrie's operations in fire protection overseas — in Africa, the Far East and Australia — manufacturing fire hose and fire extinguishers and selling a range of Angus products, have been successful and expanding. The Corporation consequently offered to purchase Angus Fire Armour from Dunlop and agreement was reached at the end of November 1980.

The Corporation now owns one of the world's largest fire protection businesses with sales approaching £50 million, having an established range of products in fire engines, fire hose, fire extinguishers, foam and foam equipment and in specialised fixed fire protection equipment for the oil and petro-chemical industries.

Europe Carpets

In December 1980 an agreement was reached for the Scottish carpet interests of the Corporation — Templeton and Kingsmead — to be merged into the publicly-quoted Stoddard Holdings.

In consequence, Guthrie holds 39.4% of the total increased equity of Stoddard (\$5.22 million non-voting 'A' ordinary shares) and in addition subscribed in 1981 in cash at par for £1.5 million 7% net second cumulative preference shares.

The background is well-known. The deterioration in market conditions within the industry was severe and threatened the future of many carpet manufacturers. A joint study was undertaken with Stoddards and it was agreed that a merger of activities would be in the best interests of both groups of employees and shareholders, that it would result in a carpet manufacturer with a strong financial base and excellent management to combat the difficult trading conditions and that it would make a substantial contribution towards stabilisation of the eroding carpet industry.

The net assets of Stoddard Holdings following the merger were £14.7 million, of which £5.8 million was attributable to assets transferred by the Corporation. Although the period of transfer and rationalisation of assets will reflect the problems of dislocation in a continuing climate of difficult trading conditions, integration has gone well and great credit is due to all concerned. I am confident that the merger of the Corporation's recent history has ended and that a new and potentially successful grouping has been achieved.

The Corporation continues to hold 100% of the equity of Kidderminster-based Woodward Grosvenor, a specialist manufacturer of carpets, which would not easily have fitted into the new Stoddard grouping.

The extraordinary loss in the Corporation's accounts, reflecting redundancy and closure costs, has been heavy. I believe that there are few shareholders who will not consider such a one-off cost to be better than the likely continuation of trading losses, with their concomitant effect on ACT, and the diversion of management time which loss-makers inevitably create.

Trading

The UK trading businesses had a mixed year. The integration of Guthrie's Booker Merchants International has progressed smoothly and the company had a successful 1980.

By contrast, the textile trading activities suffered from a dramatic decline in demand as the recession devastated the textile industry and we have substantially withdrawn from this business. Losses on termination have been fully provided in the 1980 accounts.

Plastics and Textiles

Following the closure of Ebonite Container and Ratcliffe Brothers, the plastics and textiles operations now comprise a smaller and more compact unit. On the whole it performed satisfactorily in a difficult year.

Australia

Following the outright rejection by the Australian government of the Industries Assistance Commission report, which proposed for the textile industry increased quotas and a reduction in import tariffs, Palm Beach Towel has a more stable commercial basis on which to plan. It has been the malady of profitability for the Corporation's Australian activities in recent years and its success in 1980 has improved results overall.

Most other operations performed well, in particular Hose Makers, the group's Australian fire hose manufacturing company, but the world-wide problems of the carpet industry impacted on Tascot Templeton, which was not profitable in 1980.

Africa

The success of the group's interests in Zimbabwe, in its first year of independence, is encouraging. Much of the increase in operating profit in Africa derived from Zimbabwe.

There have been a number of investment opportunities in the country and, where appropriate, they have been taken up. In particular, in July 1980 we acquired 18.3% of the shares of Hunyani Holdings Ltd. This has already proved a rewarding investment.

In the circumstances of an improvement in the Nigerian economy in 1980, following the return to civilian rule, the results for Guthrie (Nigeria) were disappointing.

The changed conditions in the Gulf area, following the Iran-Iraq war, resulted in an agreement for the termination of our joint venture in Dubai.

Staff

Our thanks are again due to our staff for their excellent performance in the difficult economic conditions of 1980.

Future Prospects

Although the economic recession in the UK appears to have flattened conditions world-wide remain uncertain with the continuation of high interest rates in many countries and exchange rate fluctuations. Against this background the year has begun satisfactorily for the Corporation.

The elimination of loss makers, the merger of our Scottish carpet business with Stoddards and the acquisition of Angus will result in a very substantial turn round in the UK performance. For the first time in many years this region will be a material contributor to the operating profit of the group. Angus has started the year well and we are very pleased with the opportunities available internationally following this acquisition.

In North America the economies of Canada and the United States continue to be depressed, affecting in particular those businesses which are consumer-oriented. However, the two key Guthrie companies in this region — Ajax Magnethermic in the US and Trench Electric in Malaysia — both operating in the energy-related, high technology sectors of industry, have very substantial forward order books and can be expected to perform particularly well in 1981.

Most of the Corporation's African and Australian interests are also improving on their 1980 performances and can be expected to make a greater contribution this year.

The operating companies, which comprise the Corporation, are likely to have a good year overall, but the inconsistency in exchange rate movements makes predictions about the aggregate sterling value of their profits difficult to evaluate at this stage.

However, unless there is a dramatic change in the economic circumstances affecting the Corporation's key activities, 1981 should show a substantial improvement.

Bank Base Rates

ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Crds	12%
C. Hoare & Co	12%
Lloyds Bank	12%
Midland Bank	12%
Nat Westminster	12%
TSB	12%
Williams & Glyn's	12%

* 7 day deposit on sums of £10,000 and under, 9% up to £50,000, 9.5% over £50,000, 10%.

Culter Guard loss tops £1m

As expected, Fife paper manufacturer Culter Guard Bridge made a pre-tax loss in the year to March 31 of £1.35m, against a profit the previous year of £337,000 that was itself a steep decline from the £787,000 made in 1978-79.

There is no dividend for the year. Trading losses from continuing operations were £347,000 against a profit a year earlier of £645,000. Losses on discontinued operations were £696,000 against profits of just £19,000.

Extraordinary debits are £2.1m, and there is a £1.69m tax credit. Group interest costs declined from £327,000 to £316,000.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

The Over-the-Counter Market

High	Low	Company	Price	Ch	Gr	Yld	P/E	Vol
76	39	Airsprung Group	71	—	4.7	6.6	11.3	35.6
52	21	Armstrong & Rhodes	48	—	1.4	2.9	19.8	45.7
200	92	Bardon Hill	107	—	9.7	4.9	7.5	12.8
104	88	Deborah Services	104	—	5.5	5.3	5.1	9.8
126	88	Frank Horsell	104	—	6.4	6.2	3.3	6.0
110	39	Frederick Parker	60	—	1.7	2.8	26.1	—
110	64	George Blair	64	—	3.1	4.8	4.0	8.2
110	59	Jackson Group	106	—	6.9	6.5	4.0	10.6
129	103	James Burroughs	129	—	7.9	6.1	10.6	10.6
334	244	Robert Jenkins	317	—	31.3	9.6	4.0	4.0
55	30	Scruttons "A"	35	—	5.3	9.9	7.8	13.4
224	202	Torday Limited	202	—	15.1	7.5	—	—
23	8	Twinklark Ord	15	—	—	—	—	—
23	8	Twinklark 15% ULS	79	—	4.1	15.0	19.2	—
35	35	Walter Holdings	42	—	1.0	3.0	7.1	10.2
103	81	Walter Alexander	101	—	5.7	5.6	5.6	8.9
263	181	W. S. Yeates	255	—	13.1	5.1	4.8	9.8

Stock Exchange Prices Collapse in gilts

ACCOUNT DAYS: Dealings Began, June 1. Dealings End, June 12. Cancellation Day, June 15. Settlement Day, June 22
Forward bargains are permitted on two previous days



1980/81 High Low Company Price Ch'ge Pence % P/E			1980/81 High Low Company Price Ch'ge Pence % P/E			1980/81 High Low Company Price Ch'ge Pence % P/E			1980/81 High Low Company Price Ch'ge Pence % P/E			1980/81 High Low Company Price Ch'ge Pence % P/E		
BRITISH FUNDS														
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COMMERCIAL AND INDUSTRIAL														
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FINANCIAL NEWS

Morgan Crucible confident despite poor first quarter

By Catherine Gonn

Mr Ian Weston Smith, chairman of materials handling and subcomponents group Morgan Crucible, believes that the recession in Britain has passed its low point, and is confident that the group's profits will now climb steadily.

However, there is little evidence of upturn in the first-quarter figures published yesterday, which show a decline in pretax profits to March 29, from £3.2m to £1.9m. But Mr Weston Smith says that the level of orders from the group's United Kingdom customers picked up in April, and has continued to improve.

If Mr Weston Smith's optimism proves right, the poor first quarter would mark the end of a decline which began for Morgan Crucible in the second quarter of 1980 and left the group with pretax profits of £10m that year against £4.8m in 1979.

Its first-quarter sales were down from £32.5m to £29.1m

and trading profits slumped from £4.1m to £1.34m. The first quarter tends to have high borrowings, but interest costs were kept to £22.2m against £20.8m.

The group has been working hard to control debt. Gearing is currently about a third of shareholders' funds. The first-quarter figures also contain further redundancy costs, which came out of trading profits and are not specified. Little keeping a wary eye on its European markets, both East and West, Morgan Crucible is said to be doing well in the Middle East, Australia, South Africa, Brazil and the United States.

In spite of his confidence in the British economy's recovery, Mr Weston Smith is cautious on the likely outcome for the year and is making no forecasts. But he said that shareholders would benefit if the group does as well in the year to December 31.

Ladbroke optimistic

A good year is confidently expected for the Ladbroke group in 1981, Mr Cyril Stein, the chairman, told shareholders at the annual meeting yesterday. Profits so far for the year to December 31 are satisfactory. Last year the group made £32.5m against £29.2m. Ladbroke is expanding fast to replace the casino profits lost from the group when the Gaming Board refused to renew licences on its four

London casinos which closed last year. Shareholders yesterday approved the formulation of a new property side to be set up in America.

In the United Kingdom, Ladbroke has obtained planning permission for an office development in London's Mayfair, made two acquisitions, and seen material growth in machine hire already this year, Mr Stein said.

Century Oils slips, but raises dividend

Pretax profits of Stoke-on-Trent lubricants and coolants group Century Oils slipped 31.9% in the year to March 31 from £3.7m to £2.5m. But the dividend has been raised by 24.4 per cent to 4p gross, where it is still more than 34 times covered by earnings.

Mr Charles Mitchell, the chairman, says that Century is working to expand its product range and outlets to generate further profits with or without an upturn in the economy and has just started to make lubricants in Brazil. Lubricants are its major business, but it also makes related equipment but prefers to concentrate on specialized high technology markets.

"We don't want to be subject too much to the vagaries of the bulk commodity market," Mr Mitchell says.

However, the recession and in particular the problems of the West Midlands engineering

industry have cut demand here for Century's products. New business from new markets and products has not yet balanced that out. July, at the pretax level, though sales rose from £39.1m to £52.2m, reflecting new products.

Interest costs jumped from £554,000 to £1.1m last year. Century has borrowed £700,000 higher at 8.7m, but, thanks to asset revaluations, gearing has actually fallen. Mr Mitchell said yesterday. Overseas assets are balanced where possible by overseas borrowings to iron out the effects of currency shifts on the balance sheet.

Stocks rose a little during the year as demand weakened and were reduced where possible, in a controlled way. Mr Mitchell said. The group expects to improve its profits this year but is not commenting yet on its chances of exceeding 1979-80's £3.7m pretax income.

Profits halved at Veba oil offshoot

Veba Oel, the Veba Group's oil subsidiary, saw its profits fall by 51 per cent last year and operated at only break-even point in the first five months of 1981, Herr Fritz Oschmann, the chairman, said yesterday.

The strong rise in the cost of crude oil and a consequent revenue from petroleum products sales caused net earnings to fall to DM132m (£27.5m) in 1980 from DM271m in 1979, he told a news conference.

Despite the deterioration in 1981, the company should still be able to pay a dividend to its parent on this year's results, he added. Veba Oel has transferred DM90m of its 1980 earnings to the parent. Oschmann said oil prices increases decided by OPEC had

been reinforced by the dollar's strength, pushing up the cost of crude to German importers to a current DM670 per tonne from DM519 at the end of 1980 and DM349 at the end of 1979. On the sales side, light heating oil caused the most concern last year with refinery earnings per tonne sold falling sharply.

Veba Oel was unable however to reduce its purchases of crude to match the lower demand for heating oil, petrol and other petroleum products, since it was locked into fixed oil supply contracts with producers.

Household Finance deal

Household Finance Corp., a United States group which entered the consumer finance business in Australia in 1979, is forming a joint venture with Australia's largest retailer Myer Emporium.

Household will hold a 50 per cent interest in a new entity, HFC Financial Services Limited, with Myer, which operates 124 department, food and discount department stores.

HFC Financial is being formed from the successor of HFC's initial consumer finance venture in Australia. Household entered the market by acquiring a 49 per cent interest in David Jones Finance, subsequently renamed David Jones Household

Finance Limited. Household per cent David Jones and, has completed the sale of a 50 per cent interest to Myer.

A Household spokesman could not explain why the company, in effect, exchanged venue partners by buying David Jones and selling immediately to Myer.

The spokesman said "Myer had no intention of operating consumer finance offices in its stores. Household said that since it bought its initial interest in David Jones, the operation has increased to 60 branches from 36, with gross receivables increasing from \$40m (£21m) to more than \$85m.

OKC Corporation

OKC Corporation of Dallas said Mr Charles E. Redwine, a trustee of its liquidating trust, announced that the \$10 a share distribution of the trust expected to make this year would be delayed indefinitely because of the company's default on payments of \$37.5m (£18.7m) of principal and \$2m of interest that were due on June 1 to the trust.

Mr Redwine said the trust turned the matter over to counsel with instructions to take appropriate legal action.

Lourho Ltd and Others v Shell Petroleum Co Ltd and Others

Before Lord Diplock, Lord Edmund-Davies, Lord Keith of Kinkel, Lord Scarman, and Lord Bridge of Harwich.

An alleged illegal agreement by United Kingdom oil companies and others to supply the unlawful regime in Rhodesia with oil in breach of sanctions imposed after the unilateral declaration of independence (UDI) in 1965, which Lourho Ltd and associated companies claimed had caused them serious loss by non-use of the pipeline from the port of Beira in Mozambique to Umtali in Rhodesia was held, on the assumed facts, not to constitute a breach of contract nor to give rise to a civil cause of action for conspiracy against the oil companies, since the alleged agreement to supply oil by other means was aimed at giving effect to the intention of the House of Lords.

The House of Lords so held in giving reasons for dismissing on March 6 an appeal by Lourho Ltd and others from the Court of Appeal (the Master of the Rolls, Lord Justice Eveleigh and Lord Justice Fox) (*The Times*, March 6).

The court had upheld Mr Justice Parker's decision in favour of Shell Petroleum Co Ltd and British Petroleum Co Ltd, in an arbitration in which Lourho sought damages on their claim for loss arising out of the non-use of the pipeline which had supplied oil to a refinery in Rhodesia, following the Southern Rhodesia (Petroleum) Order 1965, that order made a criminal offence to supply oil to the illegal regime in Southern Rhodesia without a licence.

Mr Jonathan Parker, QC, and Mr James Moy, QC, for Lourho; Mr Peter Curry, QC, Mr Brian Davenport, QC, and Mr Gordon Langley for Shell; Mr Robert Alexander, QC, Mr Roger Buckley, QC, and Mr Jonathan Sumption for BP.

LORD DIPLOCK said that the appeal arose under section 21(1)(a) of the Arbitration Act, 1950, in an arbitration between the claimants (Lourho) and the respondents (Shell and BP). Lourho claimed on the facts alleged to recover damages in excess of £100m against the oil companies, who contended that

even if the facts alleged were true they would not disclose any cause of action against them. If the facts in issue had to be decided, the cost in time and money would have been immense. The parties therefore agreed as a first step to the regime of a pipeline supply of petroleum products to reach Southern Rhodesia even if sanctions were imposed by other nations. The alleged conduct of Shell and BP on which Lourho relied as constituting their cause of action was to be decided by a tribunal.

The claim arose out of the construction and operation of an oil refinery near Umtali in Southern Rhodesia by a company of which Shell, BP and other participants held all the shares, and the construction and operation by Lourho of a pipeline connecting the refinery with an ocean terminal near Beira.

The refinery on completion would be the only producer of petroleum products in Rhodesia and the commercial expectation of all parties was that it would obtain its crude oil from supplies shipped to Beira by the participating companies or associates and transported through the pipeline to Umtali. The terms on which that was to be done were in a shipping agreement of October 30, 1962, between Lourho and the participating companies.

The refinery and pipeline came into operation in January, 1965, and proceeded according to expectations until November 11, 1965, when the Southern Rhodesia government unilaterally declared independence. Five days later the United Kingdom Parliament passed the Southern Rhodesia Act, and pursuant to it, the 1965 petroleum order prohibiting Shell and BP from supplying crude oil or petroleum products to Southern Rhodesia. That was replaced by a new order which prohibited any person from supplying or delivering to any person any petroleum product which caused damage to Lourho.

From the beginning of December, 1965, no further oil was shipped to Beira by any of the participating oil companies and the pipeline remained unused throughout the UDI period. Lourho claimed that the oil companies had agreed to transport oil, and no return on its investment in the pipeline.

Clerk's unauthorized contract invalid

North West Leicestershire District Council v East Midlands Housing Association Ltd. Before Lord Justice Stephenson, Lord Justice Brandon and Sir Stanley Rees.

[Judgments delivered May 15] The Court of Appeal, by a majority, held that a contract made under the seal of a local authority on its behalf by a clerk not so authorized was invalid by reason of the proviso to section 266(2) of the Local Government Act, 1933.

Their Lordships (Lord Justice Brandon dissenting) allowed an appeal by North West Leicestershire District Council from the dismissal by Mr Justice Swallow of its claim against the East Midlands Housing Association Ltd., for £70,651 paid under the contract.

Section 266 provides: "(1) A local authority may enter into contracts for the discharge of any of its functions. (2) All contracts made by a local authority or by a committee thereof shall be made in accordance with the standing orders of the local authority, and in the case of contracts for the supply of goods or materials or for the execution of work, the standing orders shall—(a) require that, except as otherwise provided by the standing orders, notice of the intention of the authority or committee, as the case may be, to enter into the contract shall be published and tenders invited; and (b) regulate the manner in which such notice shall be published and tenders invited: Provided that a person entering into a contract with a local authority shall be bound to inquire whether the standing orders of the authority which apply to the contract have been complied with, and all contracts entered into by a local authority, if otherwise valid, shall have full force and effect notwithstanding that the standing orders applicable to the contract have not been complied with."

Mr Harold Burnett for the local authority, Mr John Dyson for the defendants.

LORD JUSTICE STEPHENSON said that on April 1, 1974, the Coalville Urban District Council ceased to exist, and its rights and duties were taken over by the plaintiffs, the North West Leicestershire District Council. One member of the Council, Mr J. H. Jones, was a councillor in its last year of life as the building of three blocks of flats for old people. On August 14, 1973, its health and housing committee had resolved that the council approve in principle the scheme submitted by the defendants, the East Midlands Housing Association, for the provision of that accommodation.

On December 18, 1973, the committee resolved that the fixed-price tender submitted by the association of £468,985 be accepted subject to written approval.

In the last hectic month before the transfer of functions to the new council, the Urban District Council was extremely busy, but only two of its actions concerned the housing scheme. First, on March 5, 1974, it reported to the finance and general purposes committee of the council that that was the last committee meeting of the council and at his request the committee resolved "that the chairman of the council be authorized to deal with any matter requiring urgent attention during the period up to March 31, 1974."

Second, on March 18, 1974, he met Mr. Elderfield, secretary and chief executive of the association, and attested the signing of a printed contract for the building of the flats by the

association. That contract, in a standard RIBA form, contained the following written addition under clause 31(B)(b)(iii): "The contract shall also be subject to the terms and conditions of the Department of Environment's circular No 158/73."

The effect of incorporating the manuscript under clause 31(B)(b)(iii) as a term of the contract would be to turn a fixed-price contract into a contract with a price fluctuation clause. The plaintiffs claim that the price fluctuation clause was incorporated as a term of the contract and gave judgment for the price fluctuation clause.

Hence the plaintiffs' claim from the association of £70,651 overpaid and the association's counter-claim for £40,388 under the contract as amended by the price fluctuation clause.

Mr Justice Swallow held that the price fluctuation clause was incorporated as a term of the contract and gave judgment for the price fluctuation clause. There were two issues to be decided: (1) Did Mr Marson have authority to agree the clause on behalf of the urban district council? (2) Even if he did, was the contract binding on the council to which its seal was affixed?

The judge said that he would have held that in striking the bargain with the association, Mr Marson exceeded his authority, actual or ostensible, had he not found (1) that the bargain was authorized by the resolution of the council on March 5, 1974, and (2) that the contract as amended was valid by the proviso to section 266(2) of the Act of 1933.

The terms of the resolution of the council were that Mr Marson was authorized to enter into a contract with the association, and that he was to support the argument that they gave Mr Marson the necessary authority. They gave authority to the chairman, not to the clerk.

Standing Order 23 of the urban district council read: "(1) The common seal of the council shall not be affixed to any document unless the sealing has been authorized by a resolution of the council or of a committee of the council or of a committee of the council to which the council has delegated their powers... but a resolution of the council (or of a committee of the council) authorizing the making of any contract... shall be a sufficient authority for sealing any document necessary to give effect to the resolution. (2) The seal shall be attested by one of the following persons present at the sealing, viz the chairman or vice-chairman of the council or other member of the council, and the clerk or deputy clerk of the council..."

The judge found that the council had not complied with the standing orders in two respects: the sealing had not been authorized by the necessary resolution; and the seal had not been attested by either the chairman or the vice-chairman or other member of the council or the clerk (or deputy clerk) of the council.

Mr Burnett submitted that a local authority must authorize a contract before it could be bound by it and an agent could not bind it to a contract to which it had not agreed; and that such a contract was invalid at common law.

If Mr Marson had made the contract with the association in writing but unsealed, he would not have been in breach of the

Profit motive no ground for conspiracy

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In agreement with all those members of the judiciary who had considered the matter his Lordship could see no ground on which contraventions by Shell and BP of the sanctions order, although not amounting to any breach of contract with Lourho, nevertheless constituted a tort for which Lourho could recover in a civil suit any loss caused to them by such contraventions.

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Discretion is limited by imposed duty

William Leech (Midlands) Ltd v Severn-Trent Water Authority. Before Lord Justice Stephenson, Lord Justice Shaw and Lord Justice Donaldson.

[Judgment delivered May 22] Where a water authority is required to provide a public sewer, it is required to provide a public sewer, it is required to provide a public sewer.

The Court of Appeal upheld a decision of Sir Douglas Frank, QC, sitting as a deputy judge of the High Court, that William Leech (Midlands) Ltd, owner of land abutting Drisill Road, Retford, Nottinghamshire, was entitled to have its sewer connected to a public sewer by the Severn-Trent Water Authority.

Section 15 of the Water Act, 1973, provides: "(1) It shall be the duty of a water authority to provide a public sewer to be used for domestic purposes for the drainage of premises in the area of the authority. (2) If the owners of the premises require the authority to provide a public sewer for the drainage of new buildings, and the conditions mentioned in subsection (3) below are satisfied, the authority shall be bound to do so."

The conditions are: (a) that the sewer which the owners of the premises require the water authority to provide is a sewer communicating (in such manner and in such place as the authority consider appropriate) with a private sewer provided by the owners; (b) that the sewer which the owners of the premises require the water authority to provide is a sewer communicating (in such manner and in such place as the authority consider appropriate) with a private sewer provided by the owners; (c) that the sewer which the owners of the premises require the water authority to provide is a sewer communicating (in such manner and in such place as the authority consider appropriate) with a private sewer provided by the owners.

Mr Roy Vandermere, QC, and Mr Harry Walton for the water authority; Mr Gerald Moriarty, QC, and Mr John Grove for the owner.

LORD JUSTICE SHAW said that the appeal raised an important point as to the

Hook 'not part of machinery'

Miras v Ford Motor Co Ltd. The Court of Appeal (Lord Justice Ormrod, Lord Justice Brandon and Mr Justice Bostall) held that a safety hook with its moving safety device was not a part of any machinery within the meaning of section 14(1) of the Factories Act, 1961.

The court dismissed an appeal by the plaintiff from the decision of Mr Justice Ackner dismissing his claim for damages for personal injuries. LORD JUSTICE ORMROD said that the obligation imposed on employers by the section was not to make every dangerous part of machinery safe but to fence any dangerous part. Hooks on hoists were not the kind of machinery which any reasonable person would think of protecting by fencing or fixed guards.

LEGAL INFORMATION THE NEXT FIVE YEARS

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MOTORS

Mazda joins the battle of the boot

The appearance of a saloon version of the Mazda 323 from Japan only weeks after the car's debut in Britain as a hatchback will revive arguments about the respective merits of booted and tailed motoring.

About five years ago, hatchbacks seemed to be carrying all before them. For small cars particularly, the tailgate, and its corollary, a rear seat that could be folded down to increase luggage space, seemed to offer decisive advantages over the traditional "three-box" design with its separate boot.

Certainly in the supermini class — the Ford Fiesta, Volkswagen Polo, Renault 5 and so on — a car without a rear door seemed unthinkable and the inspiration behind all these models, the Isigoni Mini, was frequently criticized for not having one. Sir Alec Issigonis's public retort was that you do not take a step ladder to the office, privately he conceded the point by designing a three-door Mini replacement as long ago as 1969.

The hatchback principle was not confined to small cars. The Rover, the Renault 20/30 and the Audi Avant all offer the rear door, although most models in

the so-called executive sector have stuck to conventional boots. Perhaps executives are more conservative in their taste. Lower down the market, though, hatchbacks became the new orthodoxy and car makers seemed tacitly to assume that motorists wanted them. Then Volkswagen decided to put the proposition to the test, carried out market research and found there was still a strong liking for booted cars.

VW's response was to take the Polo, put a boot on it, and create what to the casual glance was a new model. The Derby was so successful that for a time it outsold the Polo. VW repeated the process by turning the Golf into the Jetta and other car makers took up the idea. The hatchback Chrysler (now Talbot) Alpine spawned the Solara.

The response of General Motors and Ford to the new orthodoxy was to be cautious in car design and to let others burn their fingers first, were awaited with interest. GM's replacement for the Kadett cleverly left the options open by offering a choice between a saloon and hatchback within the same bodyshell, although, since the shape was two-box rather than three, it ran the risk of alienating potential saloon customers.

In designing the new Escort, Ford decided that it should be a tailgated car, but then, apparently, had misgivings. At any rate, it has deliberately not been promoted as a hatchback. The squared back end, or "bustle", put in primarily as an aerodynamic aid, has helped to give the car something of a saloon look.

One of Ford's worries was that a hatchback would not

appeal to the fleet market, which accounts for half of Escort sales. Fleet managers tend to prefer cars with boots, partly because that is where representatives carry their samples. Sales of the new Escort suggest, however, that any prejudice has been overcome.

The hatchback saloon argument can only be resolved in the market place by the customer exercising his choice. So far, on the figures, the hatchback would appear to be winning. Volkswagen, for instance, is making more than three times as many Golfs as Jetas and twice as many Polos as Derbys. Talbot, last year, sold nearly twice as many Alpines in Britain as Solaras, though in recent months, thanks to an incentive campaign, the Solara has reversed the position. Vauxhall and Opel figures for sales in Britain of the Chevette, Kadett and Astra show the saloon and hatchback versions roughly equal.

My own instinct is to favour the practicality and versatility of the tailgated car. What people have against the hatchback is that they do not carry awkward loads very often, and if they do, they buy an estate, that a separate boot feels more secure; and that a saloon is better, three boxes presenting a symmetry that two cannot.

And so to the Mazda 323 saloon, which is mechanically identical to the hatchback version I tested recently. It has a transverse engine driving the front wheels, rack and pinion steering, and all-independent suspension, which for a Japanese car is still an advanced



Reviving arguments — the Mazda 323 saloon

specification. There is one model, with a 1300 cc engine, selling at £3,899.

Like the hatchback it is reasonably quiet, performs briskly, handles crisply and is excellent on a wet road, giving 33 to 40 mpg, an enthusiastic about the ride quality and despite front-wheel drive, the car is short on room in the back.

There is a good boot, albeit with a high lip over which luggage must be lifted, and this is one of the very few saloons which has folding rear seats so that boot space can be extended into the car. Moreover, as in the Metro, the seat splits two-thirds/one-third, enabling several combinations of people and luggage to be carried.

A look at maps

With the holidays approaching, the publishers of motoring maps are busy circulating their latest offerings. The trouble with such maps is that they are bound to be out of date before

long, as new stretches of road are opened. This strengthens the case for buying paper maps, which are cheap, take up little room in the car, can be folded into any shape and thrown away at the end of the season.

Most of the general companies sell maps at filling stations. Shell's latest batch, the first restyling for 13 years, covers the United Kingdom in eight sections costing 55p each. They have a generous scale of one inch to three miles, a step fold system which makes for easy use in a car, and a clear, uncluttered layout. Limited access to motorways is clearly indicated and colours used to distinguish between single and dual carriageways. One small grumble is that railways, and stations, are not more prominently printed: they are useful landmarks.

Shell's cartographer, George Philip, also provides maps for the Royal Automobile Club and to my eyes they are among the most attractive, informative and easy to read. I particularly like

the Navigator series of regional atlases, of which the one covering the East and West Midlands has just been published. It joins three other atlases, covering the north, south-east and the West Country.

Apart from the general maps, which are on the scale 1:6 miles to the inch, each atlas contains a selection of town plans, as well as fold out maps showing the location of places of interest, from churches and castles to zoos and wildlife. Each atlas costs £4.95 and there will be further volumes on East Anglia and North Wales. The RAC also publishes a single Great Britain Road Atlas, with essentially the same maps, on a scale of four miles to one inch (£6.25 hardback, £5.25 paperback).

The Philip maps turn up yet again in the new Shell Towing Atlas, an attractively produced hardback. The scale is smaller at five miles to one inch, possibly too small to be followed during a car journey. There are illustrated articles on the coast and countryside; on prehistoric and Roman Britain and other topics; and an area-by-area list of places to visit, with brief notes on each. The book costs £9.95.

The latest publication from the Automobile Association is the Big Road Atlas of Britain, big in the sense that each page measures 15 inches by 11. It is difficult to fit into the glove box but has the advantage of offering a large area of map at a time. The scale is four miles to one inch. I feel that the pale yellow background makes the map less easy to read than the Philip ones; but railways are more boldly printed. A 56-page

paperback, the atlas costs a reasonable £2.95.

The AA has also issued the third edition of its splendid Greater London Street Atlas, which covers 1,500 square miles of the capital and its surroundings from Welwyn to Sevenoaks and from Windsor to Brentwood. The index contains 100,000 street names and although the atlas now costs £14.95, I think it is essential for anyone who makes regular car journeys in or around London.

Fuel saving plug

A plug that can save at least ten per cent on fuel consumption, reduce exhaust pollution by up to 70 per cent, improve starting and performance, and last longer must command attention. These claims are made for a Swiss product sold in Britain — under the name Autolash.

Autolash works on the conductor principle with a pre-combustion chamber. It creates a flash rather than a spark, and burns more of the hydrocarbons in the fuel, which explains the better fuel consumption and lower exhaust emissions. There are two provisos, which may put Autolash beyond the reach of many do-it-yourself motorists: the plugs must be fitted properly, and the engine must be advanced. A set of four plugs costs £15, plus VAT, or twice as much as conventional spark plugs, but they should soon pay for themselves. The Automobile Association is making independent tests.

Peter Waymark

Car Buyer's Guide

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ANNOUNCEMENTS

THE EDUCATION OF TODAY BUILDS THE NATION OF TOMORROW

The work of the Independent Education Association is to provide a responsible and well-structured education for the children of the future. The Association is a voluntary body, and its members are committed to the highest standards of education. The Association is currently seeking funds to support its work, and it is hoped that the public will be able to help it in this task.

PLEASE HELP CANCER RESEARCH CAMPAIGN

Greater London Film Day 1981. Please Give Generously.

ARMY AND NAVY CLUB

THE ANNUAL GENERAL MEETING WILL BE HELD IN THE CLUB PREMISES AT 76 CANNON STREET, LONDON EC4A 3DF, ON 11 JUNE 1981 AT 2.45 PM.

J Gordon, Secretary

MARRIAGES

MORRIS and **SPEDLEY**. On 2nd June 1981, at the Registrar's Office, London, Mr. Morris and Mrs. Spedley were married. The bride is the daughter of Mr. and Mrs. Spedley, and the groom is the son of Mr. and Mrs. Morris. The ceremony was performed by the Rev. Canon J. Morris.

DEATHS

EDMONDSON. On June 2, 1981, in the Royal Free Hospital, London, after a long illness, Mrs. Edmondson, nee Robert, died. She was the wife of Mr. Edmondson, and the mother of Mr. and Mrs. Edmondson. She was 78 years old.

CLUB ANNOUNCEMENTS

ROYAL OVER-SEAS LEAGUE. The next meeting of the Royal Overseas League will be held on Friday, June 12, 1981, at 8.00 PM. The meeting will be held at the Royal Overseas League Club, 100, Strand, London WC2R 0JF.

WINE AND DINE

CHAMPAGNE signs for Glendower. Tel: 01-777 5546.

SEASONAL SALES

TRICITY 2173 Panties £39.00, Tricity 2253 hosiery £11.95, Tricity 2253 hosiery £11.95, Tricity 2253 hosiery £11.95.

BUILT-IN OVENS

Tricity 2173 Panties £39.00, Tricity 2253 hosiery £11.95, Tricity 2253 hosiery £11.95, Tricity 2253 hosiery £11.95.

LEDGO

557-561 Battersea Park Rd., S.W.11. Tel: 01-223 3344.

CLOSING SALE

PERSIAN RUGS. Wholesale carpet importer. Tel: 01-777 5546.

UK HOLIDAYS

CORNWALL - Bodmin 3 miles. Tel: 01-777 5546.

ANNOUNCEMENTS

MENTAL ILLNESS. The stress of modern life is bringing about a mental illness.

THE RICHMOND FELLOWSHIP

Through its 35 therapeutic communities, the Richmond Fellowship is helping people to overcome their mental illness.

ACKNOWLEDGMENTS

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UK HOLIDAYS

DULOE MANOR HOTEL offers you

peace and comfort for your holiday. The hotel is situated in a beautiful garden, and it offers a wide range of facilities for its guests. The hotel is currently seeking funds to support its work, and it is hoped that the public will be able to help it in this task.

WEST CORNWALL

Coastal holiday cottage. Tel: 01-777 5546.

CHANNING 18th century

farmhouse in Cornwall. Tel: 01-777 5546.

LAKEDISTRICT

Wanderer's delight. Tel: 01-777 5546.

CAMBRIDGE

17th century cottage. Tel: 01-777 5546.

WELSH COTTAGE

300 sq. ft. Tel: 01-777 5546.

N. WALES

Charming farmhouse. Tel: 01-777 5546.

PORTSMOUTH

Harbour flat. Tel: 01-777 5546.

LAKEDISTRICT

Wanderer's delight. Tel: 01-777 5546.

LOVELY LAKEDISTRICT

Wanderer's delight. Tel: 01-777 5546.

ARMY AND NAVY CLUB

THE ANNUAL GENERAL MEETING WILL BE HELD IN THE CLUB PREMISES AT 76 CANNON STREET, LONDON EC4A 3DF, ON 11 JUNE 1981 AT 2.45 PM.

J Gordon, Secretary

SHORT LETS

HANSTEAD. A very elegant. Tel: 01-777 5546.

ISLINGTON

Family house with garden. Tel: 01-777 5546.

WIMBORNE

19th century house. Tel: 01-777 5546.

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PERSONAL COLUMNS

ALSO ON PAGE 25

HOLIDAYS AND VILLAS

JUNE/JULY HOLIDAY SALE

for departures up to 12th July. Tel: 01-777 5546.

LISBON PROMOTIONS

13 SANDYFORD PLACE. Tel: 01-777 5546.

GREEK JUNE BARGAINS

Genoa, cancellations on. Tel: 01-777 5546.

MEET GREECE WITH THE SPECIALISTS

Personally selected. Tel: 01-777 5546.

ISRAEL DISCOVERY TOUR 1981

Exactly as its name implies. Tel: 01-777 5546.

DISCOUNT FARES TO

Jerusalem, Tel Aviv, Haifa. Tel: 01-777 5546.

HELOISA TRAVEL

30 Old Kent Road. Tel: 01-777 5546.

REHO TRAVEL AUSTRALIA

From £295 a week. Tel: 01-777 5546.

REALLY GET AWAY FROM IT ALL

Explore the historic and. Tel: 01-777 5546.

SPAIN MINI-CRUISES

Enjoy the best of Spain. Tel: 01-777 5546.

SUMMER FLIGHT BARGAINS

Low fares from £25. Tel: 01-777 5546.

COSTA DEL SOL

15 miles. Tel: 01-777 5546.

VILLAS IN ITALY

Elaborate holiday homes. Tel: 01-777 5546.

VALENTINER, ATHENS

100 Brompton Road. Tel: 01-777 5546.

CARIBBEAN HOLIDAYS

Transatlantic. Tel: 01-777 5546.

EUROPE WORLDWIDE

Travel. Tel: 01-777 5546.

EUROPEAN FLIGHTS

Via Travel. Tel: 01-777 5546.

HONGKONG

Jet Air. Tel: 01-777 5546.

PALM BEACH

Consistent sunshine. Tel: 01-777 5546.

JOURNALS

100 Brompton Road. Tel: 01-777 5546.

JUNE IN ESTERON

Costa del Sol. Tel: 01-777 5546.

US/AUSTRALIA

Cherry. Tel: 01-777 5546.

JOURNALS

100 Brompton Road. Tel: 01-777 5546.

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JOUR

Councils at risk over spending, minister says

From Christopher Warman, Bournemouth

The end of local government in its existing form was a real risk, Mr Tom King, Minister of State for Local Government and Environmental Services, said in Bournemouth yesterday.

Addressing the annual conference of the Chartered Institute of Finance and Accountancy, he said that the threat to local government had come about because of the remorseless march of circumstances rather than from any action by ministers.

Mr King's declaration was the sharpest indication yet that the Government will tolerate neither the future of local authorities to keep their spending within Government guidelines nor the levying of excessive rate increases.

The audience of senior financial officers in local government and the public sector and elected councillors was shocked by his blunt warning.

Local government leaders have for some time been saying that Government controls are increasingly threatening local government's freedom but this is the first time that a minister has publicly acknowledged that local government is facing just that possibility.

Mr King insisted that the Government was not "hell bent" on a takeover bid from the Department of the Environment and there were few civil servants who did not view the prospect with anything but horror. He himself was philosophically, morally and ethically against any further centralization of local government in Whitehall.

He said the simple reason why the Government was asking councils to revise their budgets was because they were budgeting to spend more than the country could afford.

The Government has the inescapable duty to determine the overall levels of public expenditure of which local government expenditure is such an important part. Nor is this in any way some novel doctrine and to their credit all the leaders of local government to whom I have ever spoken have always accepted that this must be so.

Mr King said they must not ignore the fact that central government contributed some 60 per cent of council spending. The Government could not be disinterested in the position of business and commercial ratepayers, who paid 58 per cent of local authority rates but had no voice in determining local spending plans.

Local authorities were pro-

Thatcher snubs defence chiefs

By Peter Hennessy

The chiefs of staff have not been invited to the meeting at 10 Downing Street on Monday at which Mr John Nott, Secretary of State for Defence, will present his defence review to the Cabinet's Overseas and Defence Committee. The gathering will be chaired by the Prime Minister.

There will be a special meeting of the full Cabinet on June 17 to approve details of Britain's new look, scaled-down defence programme. A second special Cabinet has been called for the following day to hold a general economic strategy.

By tradition the chiefs of staff have attended meetings of the Overseas and Defence Committee when defence matters have been on the agenda. Since the Conservatives came to power, however, Mrs Margaret Thatcher, as part of her attempt to build up the status of the Chief of the Defence Staff relative to the other three, has often invited Admiral of the Fleet Sir Terence Lewin on his own.

The absence of all four on Monday will inject another dose of nervous tension into the already fraught armed services, especially the Navy and Army departments, whose budgets are expected to bear the brunt of economies.

Defence review background, page 4



ASKEY ILL
Arthur Askey, the comedian, who was 81 last Saturday, was admitted to Hammersmith hospital, London, yesterday after collapsing with kidney trouble on Wednesday in Great Yarmouth. Last night he was said to be "quite cheerful".



Lady Diana Spencer with the Prince of Wales, Queen Elizabeth the Queen Mother and Princess Margaret outside St Margaret's Church, Westminster, yesterday after the marriage of the Hon Nicholas Soames and Miss Catherine Weatherall. The Prince was best man. (Wedding group, page 16.)

Breakthrough claim for anti-viral drug

From Arthur Osman, Birmingham

An important breakthrough against virus diseases like shingles, chicken pox, some eye infections and the ubiquitous herpes was disclosed yesterday. An Anglo-Belgian team of university research scientists announced that a discovery of a new anti-viral compound had been patented and would be developed in Britain.

A leading biochemist said last night that the compound was the equivalent of penicillin related to the virus field.

Research in England has been done at Birmingham University's chemistry department by a team directed by Professor Stanley Jones and Dr Richard Walker. They collaborated with Professors E. De Clercq and P. De Somer at the Rega Institute, at Leuven University, Belgium.

Both universities have taken out patents and shared a licence for its development by the pharmaceutical company G. D. Searle and Co Ltd, which has a leading molecular biology research team at High Wycombe and manufacturing facilities at Morpeth, Northumberland.

Both teams were due to return home today from a conference about their discovery held at Nice. Professor Geoffrey Gilbert, professor of biochemistry at Birmingham University, said last night: "It is an exciting development and in my view it is the equivalent of penicillin in the virus field."

"It is the sort of end product that could only happen as a result of university research. It

Sir Charles set to fight another day for Savoy

By Philip Robinson

Sir Charles Forte now looks certain to lose his 50m takeover battle for the Savoy Hotel group, headed by Sir Hugh Wontner. But, if he does, Sir Charles says he will try again next year.

Sir Hugh, who indicated earlier this week that he might be nearing retirement, retorted: "I would never leave Savoy in the lurch."

Sir Charles announced yesterday that holders of 37.8 per cent of the Savoy A shares and 7.7 per cent of the B shares had accepted the offer.

However, stripping out the interests of the Kuwait Investment Office, which has supported Sir Charles from the outset, acceptance of the offer came from holders with 3.2 per cent of the A and 4.4 per cent of the B shares. The offer has been extended until next Friday to allow more acceptances.

Over the 13 weeks that the

SDP set to field 300 candidates

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Mr Alec McGivern, at present the party's secretary, Mr John Lytle, the present press officer, and Mr Roger Liddle, a former political adviser to Mr William Rodgers, one of the party's leaders, are regarded as the front-runners for those three jobs.

Mr Doyle's first task will be to get to grips with the organization of the SDP. Several members of the party's organization committee have been critical of that aspect of its affairs and there have been complaints that the collective leadership and MPs have tended to neglect it.

The SDP is set to field at least 300 candidates at the next general election. Mr Rodgers said yesterday (Our Political Staff writes).

The Liberals and SDP should fight every seat in the country, dividing them between the two parties, he said.

Mr Rodgers, speaking in Manchester, called for early discussions between the parties to arrive at a fair division of seats. He said: "Warrington is the opportunity to demonstrate that Social Democrats and Liberals can work confidently in partnership."

Labour Party leaders in the North-west are believed to be keeping open options about recommending an early date for the Warrington by-election which some of them believe could be held on July 23 (John Chartres writes from Manchester).

A stronger probability however is for a date in September because the name of the new Labour candidate to replace Sir Thomas Williams who has retired will not be announced until June 21.

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THE TIMES INFORMATION SERVICE

Today's events

The Queen arrives East Midlands airport, 11 am, later, as Visitor, visits University of Nottingham to mark its centenary, 11.35 am, later, opens new civic buildings of the Bassett district council, Worksop, 2.40 pm.

The Duke of Edinburgh, as Colonel-in-Chief of the Duke of Edinburgh's Royal Regiment (Berkshire and Cheshire) visits depot, The Prince of Wales Division to take the passing out parade, Lichfield, 10.30 am.

Talks, lectures

Piero della Francesca, by Colin

Wiggins, National Gallery, 1 pm.

The Greek Infantryman by Anton Powell, 11.30 am.

The Mausoleum at Halicarnassus by M. Lytle, 1.15 pm.

Celebrities on the South Bank II—Elizabeth Soderstrom talks to the National Gallery, 1.15 pm.

Musical illustrations, Waterloo room, South Bank, 6.15 pm.

Carl Andre: Equivalent VII (The Brick) by Simon Wilson, Tate Gallery, 7 pm.

Exhibitions

Cherry Fountain, and Margaret Dietz, New Grafton Gallery, 42 Old Bond Street, 10 am-6 pm.

Norman Gilbert, Drain Gallery, 9-5.30 pm.

Wales and the West: In Devon the A35 is reduced in width near the junction with the B3165 at Hunter Lodge and long delays are likely. Temporary traffic lights are operating on the A40 between Raglan and Aberavenny.

Scotland: There will be delays and diversions on the A7 at Hawick from 8.30 am to 10 am and between 4 pm and 5 pm.

Inquiries to Automobile Association on 01-954 7373.

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Weather

Pressure will remain low to N and high to S of British Isles.

Forecasts from 6 am to midnight

London, SE, central, S, England, East Angles, Channel, Ireland: Rain, some clearing, sunny intervals, isolated showers later; moderate to fresh, max temp 16C (61F).

Midlands, E, Central N, England: Sunny intervals, scattered showers later; wind SW, moderate to fresh, max temp 16C (61F).

SW, NW, Wales, Wales, Lake District: Sunny intervals and showers, becoming heavy at times later; wind SW to S, fresh or strong, max temp 15C (59F).

Wales, NW, Scotland, Glasgow, Central Highlands, Argyll, N Ireland: Rain, with showers, becoming frequent and heavy at times; wind SW to S, fresh or strong, max temp 14C (57F).

Barrels, Edinburgh, Dundee, Aberdeen, Newcastle, Glasgow, Belfast, Liverpool, Manchester, London, Cardiff, Swansea, Plymouth, Exeter, Bristol, Southampton, Portsmouth, Falmouth, St Helens, Liverpool, Manchester, London, Cardiff, Swansea, Plymouth, Exeter, Bristol, Southampton, Portsmouth, Falmouth, St Helens.

Winds: 6-12 mph, 12-15 mph, 15-20 mph, 20-25 mph, 25-30 mph, 30-35 mph, 35-40 mph, 40-45 mph, 45-50 mph, 50-55 mph, 55-60 mph, 60-65 mph, 65-70 mph, 70-75 mph, 75-80 mph, 80-85 mph, 85-90 mph, 90-95 mph, 95-100 mph, 100-105 mph, 105-110 mph, 110-115 mph, 115-120 mph, 120-125 mph, 125-130 mph, 130-135 mph, 135-140 mph, 140-145 mph, 145-150 mph, 150-155 mph, 155-160 mph, 160-165 mph, 165-170 mph, 170-175 mph, 175-180 mph, 180-185 mph, 185-190 mph, 190-195 mph, 195-200 mph, 200-205 mph, 205-210 mph, 210-215 mph, 215-220 mph, 220-225 mph, 225-230 mph, 230-235 mph, 235-240 mph, 240-245 mph, 245-250 mph, 250-255 mph, 255-260 mph, 260-265 mph, 265-270 mph, 270-275 mph, 275-280 mph, 280-285 mph, 285-290 mph, 290-295 mph, 295-300 mph, 300-305 mph, 305-310 mph, 310-315 mph, 315-320 mph, 320-325 mph, 325-330 mph, 330-335 mph, 335-340 mph, 340-345 mph, 345-350 mph, 350-355 mph, 355-360 mph, 360-365 mph, 365-370 mph, 370-375 mph, 375-380 mph, 380-385 mph, 385-390 mph, 390-395 mph, 395-400 mph, 400-405 mph, 405-410 mph, 410-415 mph, 415-420 mph, 420-425 mph, 425-430 mph, 430-435 mph, 435-440 mph, 440-445 mph, 445-450 mph, 450-455 mph, 455-460 mph, 460-465 mph, 465-470 mph, 470-475 mph, 475-480 mph, 480-485 mph, 485-490 mph, 490-495 mph, 495-500 mph, 500-505 mph, 505-510 mph, 510-515 mph, 515-520 mph, 520-525 mph, 525-530 mph, 530-535 mph, 535-540 mph, 540-545 mph, 545-550 mph, 550-555 mph, 555-560 mph, 560-565 mph, 565-570 mph, 570-575 mph, 575-580 mph, 580-585 mph, 585-590 mph, 590-595 mph, 595-600 mph, 600-605 mph, 605-610 mph, 610-615 mph, 615-620 mph, 620-625 mph, 625-630 mph, 630-635 mph, 635-640 mph, 640-645 mph, 645-650 mph, 650-655 mph, 655-660 mph, 660-665 mph, 665-670 mph, 670-675 mph, 675-680 mph, 680-685 mph, 685-690 mph, 690-695 mph, 695-700 mph, 700-705 mph, 705-710 mph, 710-715 mph, 715-720 mph, 720-725 mph, 725-730 mph, 730-735 mph, 735-740 mph, 740-745 mph, 745-750 mph, 750-755 mph, 755-760 mph, 760-765 mph, 765-770 mph, 770-775 mph, 775-780 mph, 780-785 mph, 785-790 mph, 790-795 mph, 795-800 mph, 800-805 mph, 805-810 mph, 810-815 mph, 815-820 mph, 820-825 mph, 825-830 mph, 830-835 mph, 835-840 mph, 840-845 mph, 845-850 mph, 850-855 mph, 855-860 mph, 860-865 mph, 865-870 mph, 870-875 mph, 875-880 mph, 880-885 mph, 885-890 mph, 890-895 mph, 895-900 mph, 900-905 mph, 905-910 mph, 910-915 mph, 915-920 mph, 920-925 mph, 925-930 mph, 930-935 mph, 935-940 mph, 940-945 mph, 945-950 mph, 950-955 mph, 955-960 mph, 960-965 mph, 965-970 mph, 970-975 mph, 975-980 mph, 980-985 mph, 985-990 mph, 990-995 mph, 995-1000 mph, 1000-1005 mph, 1005-1010 mph, 1010-1015 mph, 1015-1020 mph, 1020-1025 mph, 1025-1030 mph, 1030-1035 mph, 1035-1040 mph, 1040-1045 mph, 1045-1050 mph, 1050-1055 mph, 1055-1060 mph, 1060-1065 mph, 1065-1070 mph, 1070-1075 mph, 1075-1080 mph, 1080-1085 mph, 1085-1090 mph, 1090-1095 mph, 1095-1100 mph, 1100-1105 mph, 1105-1110 mph, 1110-1115 mph, 1115-1120 mph, 1120-1125 mph, 1125-1130 mph, 1130-1135 mph, 1135-1140 mph, 1140-1145 mph, 1145-1150 mph, 1150-1155 mph, 1155-1160 mph, 1160-1165 mph, 1165-1170 mph, 1170-1175 mph, 1175-1180 mph, 1180-1185 mph, 1185-1190 mph, 1190-1195 mph, 1195-1200 mph, 1200-1205 mph, 1205-1210 mph, 1210-1215 mph, 1215-1220 mph, 1220-1225 mph, 1225-1230 mph, 1230-1235 mph, 1235-1240 mph, 1240-1245 mph, 1245-1250 mph, 1250-1255 mph, 1255-1260 mph, 1260-1265 mph, 1265-1270 mph, 1270-1275 mph, 1275-1280 mph, 1280-1285 mph, 1285-1290 mph, 1290-1295 mph, 1295-1300 mph, 1300-1305 mph, 1305-1310 mph, 1310-1315 mph, 1315-1320 mph, 1320-1325 mph, 1325-1330 mph, 1330-1335 mph, 1335-1340 mph, 1340-1345 mph, 1345-1350 mph, 1350-1355 mph, 1355-1360 mph, 1360-1365 mph, 1365-1370 mph, 1370-1375 mph, 1375-1380 mph, 1380-1385 mph, 1385-1390 mph, 1390-1395 mph, 1395-1400 mph, 1400-1405 mph, 1405-1410 mph, 1410-1415 mph, 1415-1420 mph, 1420-1425 mph, 1425-1430 mph, 1430-1435 mph, 1435-1440 mph, 1440-1445 mph, 1445-1450 mph, 1450-1455 mph, 1455-1460 mph, 1460-1465 mph, 1465-1470 mph, 1470-1475 mph, 1475-1480 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1810-1815 mph, 1815-1820 mph, 1820-1825 mph, 1825-1830 mph, 1830-1835 mph, 1835-1840 mph, 1840-1845 mph, 1845-1850 mph, 1850-1855 mph, 1855-1860 mph, 1860-1865 mph, 1865-1870 mph, 1870-1875 mph, 1875-1880 mph, 1880-1885 mph, 1885-1890 mph, 1890-1895 mph, 1895-1900 mph, 1900-1905 mph, 1905-1910 mph, 1910-1915 mph, 1915-1920 mph, 1920-1925 mph, 1925-1930 mph, 1930-1935 mph, 1935-1940 mph, 1940-1945 mph, 1945-1950 mph, 1950-1955 mph, 1955-1960 mph, 1960-1965 mph, 1965-1970 mph, 1970-1975 mph, 1975-1980 mph, 1980-1985 mph, 1985-1990 mph, 1990-1995 mph, 1995-2000 mph, 2000-2005 mph, 2005-2010 mph, 2010-2015 mph, 2015-2020 mph, 2020-2025 mph, 2025-2030 mph, 2030-2035 mph, 2035-2040 mph, 2040-2045 mph, 2045-2050 mph, 2050-2055 mph, 2055-2060 mph, 2060-2065 mph, 2065-2070 mph, 2070-2075 mph, 2075-2080 mph, 2080-2085 mph, 2085-2090 mph, 2090-2095 mph, 2095-2100 mph, 2100-2105 mph, 2105-2110 mph, 2110-2115 mph, 2115-2120 mph, 2120-2125 mph, 2125-2130 mph, 2130-2135 mph, 2135-2140 mph, 2140-2145 mph, 2145-2150 mph, 2150-2155 mph, 2155-2160 mph, 2160-2165 mph, 2165-2170 mph, 2170-2175 mph, 2175-2180 mph, 2180-2185 mph, 2185-2190 mph, 2190-2195 mph, 2195-2200 mph, 2200-2205 mph, 2205-2210 mph, 2210-2215 mph, 2215-2220 mph, 2220-2225 mph, 2225-2230 mph, 2230-2235 mph, 2235-2240 mph, 2240-2245 mph, 2245-2250 mph, 2250-2255 mph, 2255-2260 mph, 2260-2265 mph, 2265-2270 mph, 2270-2275 mph, 2275-2280 mph, 2280-2285 mph, 2285-2290 mph, 2290-2295 mph, 2295-2300 mph, 2300-2305 mph, 2305-2310 mph, 2310-2315 mph, 2315-2320 mph, 2320-2325 mph, 2325-2330 mph, 2330-2335 mph, 2335-2340 mph, 2340-2345 mph, 2345-2350 mph, 2350-2355 mph, 2355-2360 mph, 2360-2365 mph, 2365-2370 mph, 2370-2375 mph, 2375-2380 mph, 2380-2385 mph, 2385-2390 mph, 2390-2395 mph, 2395-2400 mph, 2400-2405 mph, 2405-2410 mph, 2410-2415 mph, 2415-2420 mph, 2420-2425 mph, 2425-2430 mph, 2430-2435 mph, 2435-2440 mph, 2440-2445 mph, 2445-2450 mph, 2450-2455 mph, 2455-2460 mph, 2460-2465 mph, 2465-2470 mph, 2470-2475 mph, 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mph, 2810-2815 mph, 2815-2820 mph, 2820-2825 mph, 2825-2830 mph, 2830-2835 mph, 2835-2840 mph, 2840-2845 mph, 2845-2850 mph, 2850-2855 mph, 2855-2860 mph, 2860-2865 mph, 2865-2870 mph, 2870-2875 mph, 2875-2880 mph, 2880-2885 mph, 2885-2890 mph, 2890-2895 mph, 2895-2900 mph, 2900-2905 mph, 2905-2910 mph, 2910-2915 mph, 2915-2920 mph, 2920-2925 mph, 2925-2930 mph, 2930-2935 mph, 2935-2940 mph, 2940-2945 mph, 2945-2950 mph, 2950-2955 mph, 2955-2960 mph, 2960-2965 mph, 2965-2970 mph, 2970-2975 mph, 2975-2980 mph, 2980-2985 mph, 2985-2990 mph, 2990-2995 mph, 2995-3000 mph, 3000-3005 mph, 3005-3010 mph, 3010-3015 mph, 3015-3020 mph, 3020-3025 mph, 3025-3030 mph, 3030-3035 mph, 3035-3040 mph, 3040-3045 mph, 3045-3050 mph, 3050-3055 mph, 3055-3060 mph, 3060-3065 mph, 3065-3070 mph, 3070-3075 mph, 3075-3080 mph, 3080-3085 mph, 3085-3090 mph, 3090-3095 mph, 3095-3100 mph, 3100-3105 mph, 3105-3110 mph, 3110-3115 mph, 3115-3120 mph, 3120-3125 mph, 3125-3130 mph, 3130-3135 mph, 3135-3140 mph, 3140-3145 mph, 3145-3150 mph, 3150-3155 mph, 3155-3160 mph, 3160-3165 mph, 3165-3170 mph, 3170-3175 mph, 3175-3180 mph, 3180-3185 mph, 3185-3190 mph, 3190-3195 mph, 3195-3200 mph, 3200-3205 mph, 3205-3210 mph, 3210-3215 mph, 3215-3220 mph, 3220-3225 mph, 3225-3230 mph, 3230-3235 mph, 3235-3240 mph, 3240-3245 mph, 3245-3250 mph, 3250-3255 mph, 3255-3260 mph, 3260-3265 mph, 3265-3270 mph, 3270-3275 mph, 3275-3280 mph, 3280-3285 mph, 3285-3290 mph, 3290-3295 mph, 3295-3300 mph, 3300-3305 mph, 3305-3310 mph, 3310-3315 mph, 3315-3320 mph, 3320-3325 mph, 3325-3330 mph, 3330-3335 mph, 3335-3340 mph, 3340-3345 mph, 3345-3350 mph, 3350-3355 mph, 3355-3360 mph, 3360-3365 mph, 3365-3370 mph, 3370-3375 mph, 3375-3380 mph, 3380-3385 mph, 3385-3390 mph, 3390-3395 mph, 3395-3400 mph, 3400-3405 mph, 3405-3410 mph, 3410-3415 mph, 3415-3420 mph, 3420-3425 mph, 3425-3430 mph, 3430-3435 mph, 3435-3440 mph, 3440-3445 mph, 3445-3450 mph, 3450-3455 mph, 3455-3460 mph, 3460-3465 mph, 3465-3470 mph, 3470-3475 mph, 3475-3480 mph, 3480-3485 mph, 3485-3490 mph, 3490-3495 mph, 3495-3500 mph, 3500-3505 mph, 3505-3510 mph, 3510-3515 mph, 3515-3520 mph, 3520-3525 mph, 3525-3530 mph, 3530-3535 mph, 3535-3540 mph, 3540-3545 mph, 3545-3550 mph, 3550-3555 mph, 3555-3560 mph, 3560-3565 mph, 3565-3570 mph, 3570-3575 mph, 3575-3580 mph, 3580-3585 mph, 3585-3590 mph, 3590-3595 mph, 3595-3600 mph, 3600-3605 mph, 3605-3610 mph, 3610-3615 mph, 3615-3620 mph, 3620-3625 mph, 3625-3630 mph, 3630-3635 mph, 3635-3640 mph, 3640-3645 mph, 3645-3650 mph, 3650-3655 mph, 3655-3660 mph, 3660-3665 mph, 3665-3670 mph, 3670-3675 mph, 3675-3680 mph, 3680-3685 mph, 3685-3690 mph, 3690-3695 mph, 3695-3700 mph, 3700-3705 mph, 3705-3710 mph, 3710-3715 mph, 3715-3720 mph, 3720-3725 mph, 3725-3730 mph, 3730-3735 mph, 3735-3740 mph, 3740-3745 mph, 3745-3750 mph, 3750-3755 mph, 3755-3760 mph, 3760-3765 mph, 3765-3770 mph, 3770-3775 mph, 3775-3780 mph, 3780-3785 mph, 3785-3790 mph, 3790-3795 mph, 3795-3800 mph, 3800-3805 mph, 3805-3810 mph, 3810-3815 mph, 3815-3820 mph, 3820-3825 mph, 3825-3830 mph, 3830-3835 mph, 3835-3840 mph, 3840-3845 mph, 3845-3850 mph, 3850